

DOĐAN ŐİRKETLER GRUBU HOLDİNG A.Ő.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005**

1. We have reviewed the accompanying consolidated interim balance sheet of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") at 30 June 2005 and the related consolidated interim statement of income for the period then ended in accordance with the limited review standards issued by the Capital Market Board ("CMB"). Our work on the consolidated interim balance sheet and the consolidated interim statement of income was limited compared to the work performed in accordance with generally accepted auditing standards for the year-end financial statements. Our work covered mainly analytical review, gathering information and various audit techniques in accordance with the limited review standards, on the basis of our understanding of the consolidated interim financial statements preparation system. Accordingly, our report should not be considered comparable to an independent full scope audit report.
2. Accordingly, in the above-mentioned unaudited consolidated interim financial statements, no material disagreement was noted with generally accepted accounting standards issued by the CMB (see note 2).

We draw attention to the following matters:

3. As explained in Note 31, 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 YTL155.070 thousand and YTL37.737 thousand from its corporate tax bases in 2003 and 2004, respectively. At 30 June 2005, Dışbank recognized part of deferred tax assets of YTL26.237 thousand on carried forward losses of YTL87.458 thousand in the accompanying consolidated interim 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 YTL155.070 of accumulated losses from the corporate tax base for the fourth quarter of 2003 was not acceptable; the Tax Office then recalculated the advance corporate tax liability of YTL15.510 thousand and levied a fine of YTL16.131 thousand. In that respect, Dışbank has filed a counter action against the Tax Office, and legal proceedings are now in progress. No provisions for any liability that may occur due to the above tax case has been made in the accompanying interim financial statements.
4. As discussed in Notes 2.7 and 45, subsequent to the issuance of financial statements of Dışbank at 31 December 2004, adjustments have been made to the provision for loan losses related to the credit cards. The effect of these adjustments pertaining to 2004 financial year was to reduce the retained earnings by YTL16.871 thousand and was reflected to consolidated interim financial statements by a reduction in the 2005 opening retained earnings.

5. As discussed in Note 2.7, subsequent to the issuance of financial statements of Petrol Ofisi A.Ş. (“POAŞ”), a Joint Venture of the Holding, at 31 December 2004, adjustments were made to the acquisition costs of certain fixed assets for the application of Tax Law No.5024. The effect of these adjustments pertaining to 2004 financial year which were realized after the issuance of 31 December 2004 consolidated financial statements amounted to YTL 44.877 thousand (YTL 19.770 thousand with the Holding’s ownership interest) and were reflected to the consolidated interim financial statements through reductions in 2005 opening retained earnings and deferred tax assets.
6. The consolidated interim financial statements include the accounts of the parent company, its Subsidiaries and Joint Ventures (Note 2). 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.
7. Additional paragraph for convenience translation into English:

As of 30 June 2005, the accounting principles described in Notes 2 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board mainly with respect to the application of inflation accounting, presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.
8. As explained in Note 2.4 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 YTL1,3413=USD1,00 for purchases of USD on 30 June 2005. Thus, US dollar amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 30 June 2005. 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

İstanbul, 3 October 2005

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005

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**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

BALANCE SHEETS AT 30 JUNE 2005 AND 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

		30 June 2005 USD (*)	(Subject to limited review) 30 June 2005	(Restated) 31 December 2004
	Notes			
ASSETS				
Current assets		6.796.598.123	9.116.277.064	6.972.562.025
Cash and cash equivalents	4	102.355.972	137.290.065	1.487.663.422
Marketable securities, net	5	62.359.756	83.643.141	1.323.019.288
Originated loans	45	-	-	2.864.985.006
Derivative financial instruments	46	-	-	22.346.175
Trade receivables, net	7	593.288.015	795.777.215	723.506.975
Leasing receivables, net	8	-	-	80.612.000
Due from related parties, net	9	8.253.718	11.070.712	2.363.645
Other receivables, net	10	26.739.484	35.865.670	68.111.272
Biological assets, net	11	85.373	114.511	167.027
Inventories	12	238.844.437	320.362.043	300.286.804
Construction contract receivables, net	13	-	-	-
Deferred tax assets	14	-	-	-
Assets related to discontinued operations	35	5.702.717.950	7.649.055.587	-
Other current assets	15	61.953.418	83.098.120	99.500.411
Non-current assets		1.986.120.893	2.663.983.953	4.772.868.731
Trade receivables, net	7	11.094.554	14.881.125	8.055.329
Leasing receivables, net	8	-	-	69.565.304
Due from related parties, net	9	-	-	-
Other receivables, net	10	3.771.361	5.058.526	3.365.330
Inventories	12	5.394.102	7.235.109	5.963.500
Originated loans	45	-	-	486.974.450
Financial assets, net	16	2.897.611	3.886.566	1.172.087.736
Goodwill/negative goodwill, net	17	985.892.023	1.322.376.970	1.389.003.111
Investment properties, net	18	39.803.928	53.389.008	54.544.547
Property, plant and equipment, net	19	814.093.195	1.091.943.203	1.299.929.230
Intangible assets, net	20	48.063.158	64.467.114	83.138.320
Deferred tax assets	14	67.639.200	90.724.459	189.535.584
Other non-current assets	15	7.471.761	10.021.873	10.706.290
Total assets		8.782.719.016	11.780.261.017	11.745.430.756

(*) As explained in the Note 2.4 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 generally accepted accounting standards issued by the CMB as at 30 June 2005.

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

BALANCE SHEETS AT 30 JUNE 2005 AND 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

Notes	30 June 2005 USD(*)	(Subject to limited review) 30 June 2005	(Restated) 31 December 2004
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	5.975.931.761	8.015.517.272	7.688.135.094
Short-term borrowings, net	6 138.124.070	185.265.815	1.963.236.710
Current portion of			
long-term borrowings, net	6 155.340.045	208.357.603	137.359.921
Deposits	47 -	-	4.378.172.582
Derivative financial instruments	46 -	-	13.344.723
Leasing payables, net	8 1.230.164	1.650.019	1.617.847
Other financial liabilities, net	10 158.857.920	213.076.128	494.351.028
Trade payables, net	7 432.759.988	580.460.972	525.043.155
Due to related parties, net	9 1.492.051	2.001.288	5.532.388
Insurance technical reserves	48 72.316.310	96.997.867	80.359.109
Advances received	21 3.618.803	4.853.901	6.240.902
Construction progress billings, net	13 -	-	-
Provisions	23,41 32.850.209	44.061.985	41.627.354
Deferred tax liabilities	14 -	-	-
Liabilities relating to discontinued operations	35 4.967.543.828	6.662.966.536	-
Other current liabilities, net	15 11.798.373	15.825.158	41.249.375
Non-current liabilities	565.649.647	758.705.873	1.111.859.130
Long-term borrowings, net	6 449.641.149	603.103.673	899.857.009
Deposits	47 -	-	44.574.000
Leasing payables, net	8 1.359.189	1.823.080	1.954.769
Other financial liabilities, net	10 564.048	756.557	1.850.016
Trade payables, net	7 25.930.005	34.779.916	44.395.171
Due to related parties, net	9 -	-	-
Insurance technical reserves	48 -	-	26.628.076
Advances received	21 33.361.803	44.748.187	18.509.562
Provisions	23 16.593.183	22.256.437	30.054.866
Deferred tax liabilities	14 38.133.365	51.148.283	43.992.199
Other non-current liabilities, net	15 66.905	89.740	43.462
Total liabilities	6.541.581.408	8.774.223.145	8.799.994.224
Minority interest	24 735.799.344	986.927.660	974.366.277
Doğan family members	24,33 59.069.442	79.229.842	80.406.163
Other	24,33 676.729.902	907.697.818	893.960.114
SHAREHOLDERS' EQUITY	1.505.338.264	2.019.110.212	1.971.070.255
Share capital	25 548.190.716	735.288.208	735.288.208
Treasury shares	25 -	-	-
Capital reserves	26 867.302.316	1.163.312.597	1.166.867.460
Share premium	469.899	630.275	630.275
Share cancellation gains	-	-	-
Revaluation fund	-	-	-
Financial assets fair value reserve	25.708.343	34.482.601	38.037.464
Inflation adjustment to shareholders' equity	841.124.074	1.128.199.721	1.128.199.721
Profit reserves	27 38.916.105	52.198.170	53.956.568
Legal reserves	5.901.059	7.915.090	7.915.090
Statutory reserves	-	-	-
Extraordinary reserves	61.784.809	82.871.964	82.871.964
Special reserves	4.165.618	5.587.343	5.587.343
Investment and property sales income to be added to the capital	-	-	-
Translation reserve	(32.935.381)	(44.176.227)	(42.417.829)
Current year profit	62.380.907	83.671.510	277.204.823
Accumulated deficit	28 (11.451.780)	(15.360.273)	(262.246.804)
Total liabilities and shareholders' equity	8.782.719.016	11.780.261.017	11.745.430.756
Commitments and contingent liabilities	31		

(*) As explained in the Note 2.4 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 generally accepted accounting standards issued by the CMB as at 30 June 2005.

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTH AND THREE MONTH
INTERIM PERIODS ENDED 30 JUNE 2005 AND 2004**

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

	Notes	1 January - 30 June 2005 USD(*)	(Subject to limited review) 1 January - 30 June 2005	(Subject to limited review) 1 April - 30 June 2005	(Subject to limited review and restated) 1 January - 30 June 2004	(Subject to limited review and restated) 1 April - 30 June 2004
Operating income						
Sales (net)	36	2.477.171.811	3.322.630.550	1.811.790.049	2.875.515.127	1.542.948.395
Cost of sales (-)		(2.241.261.950)	(3.006.204.654)	(1.608.558.374)	(2.568.717.593)	(1.366.446.516)
Gross operating profit		235.909.861	316.425.896	203.231.675	306.797.534	176.501.879
Operating expenses (-)	37	(159.033.299)	(213.311.364)	(113.671.059)	(188.220.916)	(96.887.903)
Net operating profit		76.876.562	103.114.532	89.560.616	118.576.618	79.613.976
Other income and profits	38	54.560.202	73.181.599	45.865.876	118.401.988	33.416.188
Other expenses and losses (-)	38	(64.961.318)	(87.132.616)	(44.416.775)	(112.420.825)	(57.335.868)
Financial (expenses)/income - net	39	(1.214.307)	(1.628.750)	27.616.697	(93.072.292)	(173.983.256)
Income/(loss) before monetary gain, taxes and minority interests		65.261.139	87.534.765	118.626.414	31.485.489	(118.288.960)
Net monetary position gain	40	-	-	-	75.886.182	7.681.042
Income/(loss) before taxes and minority interests		65.261.139	87.534.765	118.626.414	107.371.671	(110.607.918)
Minority interests	24	(20.186.485)	(27.076.132)	(27.729.777)	(2.873.473)	8.696.426
Income/(loss) before taxes		45.074.654	60.458.633	90.896.637	104.498.198	(101.911.492)
Taxes on income	41	(35.103.352)	(47.084.126)	(48.679.258)	(39.796.839)	18.427.248
Net income/(loss) from continuing operations		9.971.302	13.374.507	42.217.379	64.701.359	(83.484.244)
Net income/(loss) from discontinued operations before minority interests	35	60.078.440	80.583.212	60.419.574	(38.799.506)	(56.994.033)
Minority interests related to discontinued operations	24	(7.668.835)	(10.286.209)	(3.388.037)	41.203.699	48.708.257
Net income/(loss)		62.380.907	83.671.510	99.248.916	67.105.552	(91.770.020)
Weighted average number of shares with face value of YTL 1 each		735.288.208	735.288.208	735.288.208	735.288.208	735.288.208
Basic and diluted earnings/(loss) per share (USD)/(YTL)	42	0,08	0,11	0,13	0,09	(0,12)
- continuing operations		0,01	0,02	0,06	0,08	(0,11)
- discontinued operations		0,07	0,09	0,07	0,01	(0,01)

(*) As explained in the Note 2.4 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 generally accepted accounting standards issued by the CMB as at 30 June 2005.

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004**

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

	Share capital	Share premium	Inflation adjustment to shareholders' equity	Translation reserve	Financial assets fair value reserve	Legal reserves	Extra-ordinary reserves	Other reserves	Cost increase fund	Net income / (loss) for the period	Retained Earnings/ Accumulated deficit	Total shareholders' equity
Balances at 31 December 2003 - as previously reported	588.230.567	1.056.658	1.166.730.387	(23.668.533)	-	7.915.090	94.233.648	11.257.445	108.306	436.380.362	(531.710.184)	1.750.533.746
Change in accounting policy (Note 2.7)	-	-	-	-	75.956.482	-	-	-	-	(106.791.482)	30.835.000	-
Balances at 31 December 2003 - as restated	588.230.567	1.056.658	1.166.730.387	(23.668.533)	75.956.482	7.915.090	94.233.648	11.257.445	108.306	329.588.880	(500.875.184)	1.750.533.746
Currency translation differences	-	-	-	(2.965.658)	-	-	-	-	-	-	-	(2.965.658)
Transfers	147.057.641	(426.383)	(38.530.666)	-	-	-	(11.361.684)	(5.670.102)	(108.306)	(329.588.880)	238.628.380	-
Financial assets fair value losses	-	-	-	-	(76.741.834)	-	-	-	-	-	-	(76.741.834)
Net income for the period	-	-	-	-	-	-	-	-	-	67.105.552	-	67.105.552
Balances at 30 June 2004	735.288.208	630.275	1.128.199.721	(26.634.191)	(785.352)	7.915.090	82.871.964	5.587.343	-	67.105.552	(262.246.804)	1.737.931.806
Balances at 31 December 2004 - as previously reported	735.288.208	630.275	1.128.199.721	(42.417.829)	-	7.915.090	82.871.964	5.587.343	-	239.285.805	(186.290.322)	1.971.070.255
Change in accounting policy (Note 2.7)	-	-	-	-	38.037.464	-	-	-	-	37.919.018	(75.956.482)	-
Balances at 31 December 2004 - as restated	735.288.208	630.275	1.128.199.721	(42.417.829)	38.037.464	7.915.090	82.871.964	5.587.343	-	277.204.823	(262.246.804)	1.971.070.255
Effect of corrections (Note 2.7)	-	-	-	-	-	-	-	-	-	-	(36.640.403)	(36.640.403)
Application of IFRS 3 - correction of opening negative goodwill (Notes 2. 7 and 17)	-	-	-	-	-	-	-	-	-	-	6.322.111	6.322.111
Balances at 1 January 2005	735.288.208	630.275	1.128.199.721	(42.417.829)	38.037.464	7.915.090	82.871.964	5.587.343	-	277.204.823	(292.565.096)	1.940.751.963
Currency translation differences	-	-	-	(1.758.398)	-	-	-	-	-	-	-	(1.758.398)
Transfers	-	-	-	-	-	-	-	-	-	(277.204.823)	277.204.823	-
Financial assets fair value losses	-	-	-	-	(3.554.863)	-	-	-	-	-	-	(3.554.863)
Net income for the period	-	-	-	-	-	-	-	-	-	83.671.510	-	83.671.510
Balances at 30 June 2005	735.288.208	630.275	1.128.199.721	(44.176.227)	34.482.601	7.915.090	82.871.964	5.587.343	-	83.671.510	(15.360.273)	2.019.110.212

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005**

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

NOTE 1 - ORGANISATION 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 30 June 2005, the shares quoted on the ISE represent 34,29% of the total shares. At 30 June 2005, the principal shareholders and their respective shareholdings in Doğan Holding are as follows (Note 25):

	%
Doğan family and companies owned by Doğan family	65,52
Listed on ISE	34,29
Aydın Doğan Vakfı	0,19
	100,00

The address of the registered office is as follows:

Altunizade, Oymacı Sokak No: 51
Üsküdar 34662 İstanbul

The majority of Doğan Holding is organized in Turkey, and its continuing operations are in three main business segments:

- Media
- Energy
- Other

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

As explained in Note 35, Doğan Holding signed an agreement to sell its Subsidiaries in finance segment, which is disclosed as a main business segment as of 31 December 2004 and before. These Subsidiaries are disclosed as discontinued operations (“Discontinued operations” or “Finance Segment”).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005**

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Doğan Holding has the following subsidiaries (the “Subsidiaries”). The natures of the business of the Subsidiaries are as follows:

Continuing operations:

<u>Name</u>	<u>Nature of business</u>	<u>Segment</u>
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 Deutchland (“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
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
İşıl Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. (“İşıl 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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005**

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Continuing operations (Continued):

<u>Name</u>	<u>Nature of business</u>	<u>Segment</u>
Yenibir İnsan Kaynakları Hizmetleri ve Danışmanlık A.Ş. ("Yenibir")	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
Birmaş Birleşik Televizyon Reklam Pazarlama A.Ş. ("Birmaş")	Advertising	Media
Birpa Birleşik Reklam Pazarlama A.Ş. ("Birpa")	Retail	Media
Medyanet İletişim Reklam Pazarlama ve Ticaret Ltd. Şti. ("Medyanet")	Marketing	Media
Doğan Telekomünikasyon Hizmetleri Satış ve Pazarlama A.Ş. ("D Telekom")	Telecommunications	Media
Doğan Faktoring Hizmetleri A.Ş. ("Doğan Faktoring")	Factoring	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
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
Ray Sigorta A.Ş. ("Ray Sigorta")	Insurance	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

Discontinued operations:

<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
Doğan Emeklilik A.Ş. ("Doğan Emeklilik")	Insurance	Finance
Dış Holding Niderland B.V. ("Dış Holding B.V.")	Banking	Finance
3D Güvenlik Sistemleri ve Organizasyon Ticaret A.Ş. ("3D Güvenlik")	Service	Other

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(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

The number of employees of the Holding at 30 June 2005 is 15.396 (31 December 2004: 14.694).

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 33).

All the Subsidiaries are registered in Turkey except for 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 Dergi Yayıncılık ve Pazarlama A.Ş. ("DBR")	Newspaper publishing	Media	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Publishing	Media	Egmont
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablo")	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.
Petrol Ofisi A.Ş. ("POAŞ") (*)	Distribution of petroleum products	Energy	T. İş Bankası A.Ş.
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("Dergi Pazarlama")	Advertising	Media	Burda RCS Int. GmbH
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"), a 99,96% share in Erk Petrol Yatırımları A.Ş. ("Erk Petrol"), a 99,83% share in Petrol Ofisi Alternatif Yakıtlar Toptan Satış A.Ş. ("PO Alternatif Yakıt") and a 99,5% share in Petrol Ofisi Gaz İletim A.Ş.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

The interim financial statements of Doğan Holding have been prepared in accordance with the accounting and reporting principles published by the Capital Markets Board ("CMB"), namely "CMB Accounting Standards". The CMB published a comprehensive set of accounting principles in Communiqué No: XI-25 "The Accounting Standards in the Capital Markets". In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") is accepted as an alternative to conform with the CMB Accounting Standards. With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Holding did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its consolidated financial statements for the accounting periods starting 1 January 2005. The consolidated financial statements of the Holding presented for the comparison purposes are expressed in the purchasing power of YTL at 31 December 2004. These consolidated financial statements and the related notes have been presented in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

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 accordance with the principles and obligations published by the CMB, Turkish Commercial Code (the "TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

2.2 Financial reporting in hyperinflationary periods

At 31 December 2004, the financial statements are expressed in terms of the purchasing power of YTL at 31 December 2004. With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement of the comparative amounts was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS").

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(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

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

Indices and conversion factors used to restate the consolidated financial statements as of 31 December 2004 are given below:

Date	Index	Conversion factor	Cumulative 3-year inflation rates
31 December 2004	8.403,8	1,000	%69,7
31 December 2003	7.382,1	1,138	%181,1

The main procedures for the aforementioned restatement and the effects of ceasing inflation accounting are as follows:

- As the hyperinflationary period ceases, the current year consolidated financial statements are not restated and financial information related to previous reporting periods are expressed in terms of purchasing power of the last reporting period in which inflation adjustment was applied.
- As the hyperinflationary period ceases, the restated amount of the non-monetary assets, liabilities and equity which are expressed in terms of purchasing power at the last balance sheet date; are accepted as the opening balances of such items at 1 January 2005.
- The consolidated financial statements of the previous reporting periods are expressed in the purchasing power at the last balance sheet date in which inflation adjustment was applied.
- Inflation effect on the net monetary liability position of Doğan Holding, its Subsidiaries and Joint Ventures is reflected to consolidated statement of income as net monetary position gain in hyperinflationary periods.

2.3 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, New Turkish lira (“YTL”) and the New Kuruş (“YKr”) have been introduced as the new currency 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 is equivalent to one YTL (1 YTL). Accordingly, the currency of the Republic of Turkey is simplified by removing 6 zeroes from the TL.

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

As stated in the announcement of CMB dated 30 November 2004, consolidated financial statements for the period ended 30 June 2005, including the prior period financial data which will be used for comparison purposes, are presented in YTL.

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(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated.)

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

2.4 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 YTL1,3413=USD1,00 for purchases of USD on 30 June 2005. Thus, US dollar amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 30 June 2005. 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.

2.5 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 New Turkish lira using the relevant foreign exchange rates prevailing at the period-end. The results of the foreign Subsidiaries and Associates are translated into New 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.

2.6 Group accounting

- (i) 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 (i) to (v) 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 CMB Accounting Standards.
- (ii) 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.

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

The table below sets out all Subsidiaries included in the scope of consolidation and shows their shareholding structure at 30 June 2005 and 31 December 2004:

Company name	Proportion of voting power held by Doğan Holding and its Subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interest (%)	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Dışbank (2)	62.60%	62.37%	9.11%	9.11%	71.71%	66.37%	62.60%	62.37%
Dış Faktoring (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	61.35%
Dış Leasing (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	62.36%
Dış Yatırım (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	62.37%
Dış Portföy (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	62.37%
Dış Holding Malta (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	62.37%
Dışbank Malta (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	62.37%
Dış Globus (2)	100.00%	99.93%	0.00%	0.00%	100.00%	99.93%	62.60%	62.37%
Doğan Emeklilik (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	58.80%
Dış Holding B.V. (2)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.60%	62.37%
Hürriyet	60.00%	60.00%	0.00%	0.00%	60.00%	60.00%	39.94%	40.08%
Doğan Gazetecilik	79.76%	79.76%	0.67%	0.67%	80.43%	80.43%	53.10%	53.28%
Yaysat	75.00%	75.00%	0.00%	0.00%	75.00%	75.00%	43.27%	43.42%
DYG İlan	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	54.51%	54.70%
Doğan Ofset	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	51.89%	52.07%
Doğan Kitapçılık	99.90%	99.90%	0.10%	0.10%	100.00%	100.00%	53.48%	53.67%
Doğan Haber	90.61%	90.61%	0.00%	0.00%	90.61%	90.61%	47.06%	47.21%
Doğan Basım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
Milliyet Haber	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	58.96%	59.13%
GPS Film	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	46.60%	40.08%
Doğan Prodüksiyon (4)	0.00%	63.00%	0.00%	0.00%	0.00%	63.00%	0.00%	29.36%
ANS	70.00%	70.00%	0.00%	0.00%	70.00%	70.00%	46.60%	46.76%
Doğan Online	60.00%	60.00%	40.00%	40.00%	100.00%	100.00%	39.94%	40.08%
Doğan Media	97.66%	97.66%	2.34%	2.34%	100.00%	100.00%	53.32%	53.50%
D Finans	99.92%	99.92%	0.08%	0.08%	100.00%	100.00%	39.91%	40.05%
DMC	99.17%	99.17%	0.02%	0.02%	99.19%	99.19%	66.02%	66.25%
D Market	52.63%	89.97%	37.33%	0.00%	89.96%	89.97%	21.02%	36.06%
Hürriyet Zweigniederlassung	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
Doğan Daily News	94.25%	94.25%	0.00%	0.00%	94.25%	94.25%	62.74%	62.96%
Doğan Dağıtım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.55%	66.79%
Milliyet İnternet (3)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	54.05%	54.22%
Milliyet Verlags	74.03%	99.03%	0.97%	0.97%	75.00%	100.00%	39.31%	64.44%
Doğan Telekom	96.00%	96.00%	4.00%	4.00%	100.00%	100.00%	58.33%	58.48%
Kanal D	94.81%	93.76%	0.00%	0.00%	94.81%	93.76%	63.11%	62.63%
Doğan TV	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.57%	66.80%
Hürbim	99.92%	99.92%	0.00%	0.00%	99.92%	99.92%	66.52%	66.75%
Alp Görsel	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.57%	66.80%
Bravo TV	99.60%	99.60%	0.00%	0.00%	99.60%	99.60%	66.30%	66.54%
Fun TV	99.07%	99.07%	0.00%	0.00%	99.07%	99.07%	65.95%	66.18%
Galaksi Radyo	99.07%	99.07%	0.00%	0.00%	99.07%	99.07%	65.95%	66.18%
Hür FM	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.52%	66.75%
Işıl TV	99.75%	99.06%	0.00%	0.00%	99.75%	99.06%	66.40%	66.18%
Kanalspor	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	65.95%	66.18%

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

Company name	Proportion of voting power held by Doğan Holding and its Subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interest (%)	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Milenyum TV	99.94%	99.94%	0.00%	0.00%	99.94%	99.94%	66.53%	66.76%
D Radyo	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	66.50%	66.73%
Radyo Foreks	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	66.50%	66.73%
Tempo TV	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	65.95%	66.18%
TV 2000	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	65.95%	66.18%
DS Servis	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
Yenibir	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
Egeser	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
Hürservis	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
Hürmedya	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	39.94%	40.08%
DMK	99.98%	99.98%	0.00%	0.00%	99.98%	99.98%	66.56%	66.79%
Birmaş	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.46%	66.70%
Birpa (D Pazarlama)	64.94%	64.94%	35.06%	35.06%	100.00%	100.00%	43.23%	43.38%
Medyanet	97.00%	97.00%	0.00%	0.00%	97.00%	97.00%	56.58%	56.58%
D Telekom (1)	100.00%	-	0.00%	-	100.00%	-	58.33%	-
Doğan Faktoring	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	65.57%	65.79%
Milpa	65.00%	65.00%	0.50%	0.50%	65.50%	65.50%	65.00%	65.00%
Hürriyet Pazarlama	96.14%	96.14%	3.86%	3.86%	100.00%	100.00%	38.42%	38.55%
Milanur	99.99%	100.00%	0.01%	0.00%	100.00%	100.00%	65.00%	65.00%
Doğan Oto	99.76%	99.76%	0.24%	0.24%	100.00%	100.00%	99.76%	99.76%
Doğan Havacılık	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	84.48%	82.29%
Doğan Yayın	66.57%	66.80%	3.14%	3.14%	69.71%	69.94%	66.57%	66.80%
Çelik Halat	62.44%	62.44%	0.00%	0.00%	62.44%	62.44%	57.53%	57.53%
Ditaş Doğan	50.94%	50.94%	0.00%	0.00%	50.94%	50.94%	50.94%	50.94%
Milta Turizm	95.46%	95.46%	2.34%	2.34%	97.80%	97.80%	95.46%	95.46%
Doğan Karton (3)	65.00%	65.00%	35.00%	35.00%	100.00%	100.00%	65.00%	65.00%
D Elektronik	96.00%	96.00%	0.00%	0.00%	96.00%	96.00%	38.34%	38.48%
Satış Noktaları	67.00%	67.00%	0.00%	0.00%	67.00%	67.00%	44.60%	44.76%
Doğan Müzayedecilik	96.00%	96.00%	0.00%	0.00%	96.00%	96.00%	38.34%	38.48%
Doğan Dış Ticaret	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.10%	66.34%
Orta Anadolu Otomotiv	85.00%	85.00%	0.00%	0.00%	85.00%	85.00%	32.66%	32.77%
CH Investment B.V. (3)	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	57.53%	57.53%
CH UK Limited	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	57.53%	57.53%
Entraltee								
Handels GmbH (3)	95.48%	95.48%	4.52%	4.52%	100.00%	100.00%	62.06%	62.06%
3D Güvenlik (2,3)	99.00%	99.00%	0.00%	0.00%	99.00%	99.00%	61.97%	61.75%
Doğan Organik	99.00%	100.00%	1.00%	0.00%	100.00%	100.00%	98.98%	99.48%
CH Bulgaria (3)	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	0.00%	57.53%
D Tek (3)	0.00%	99.60%	0.00%	0.00%	0.00%	99.60%	0.00%	64.74%
Ray Sigorta	78.20%	67.32%	0.00%	0.00%	78.20%	67.32%	78.20%	41.99%
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%	99.75%	0.00%	0.00%	99.75%	99.75%	57.49%	57.49%

- (1) This Subsidiary of the Group was established in 2005.
- (2) These Subsidiaries of the Group are classified as discontinued operations (Note 35).
- (3) These Subsidiaries of Doğan Holding have been excluded from the scope of consolidation on the grounds of materiality.
- (4) This Subsidiary of the Group merged with CNN Türk and all assets and liabilities were transferred to CNN Türk.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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.

- (iii) 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, shareholders' equity, income and expenditure of each Joint Venture in the relevant components of the financial statements.

The table below sets out all Joint Ventures included in the scope of consolidation and shows their shareholding structure at 30 June 2005 and 31 December 2004:

Company name	Proportion of voting power held by Doğan Holding and its Subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)			Total proportion of ownership interest (%)	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	2005	2004	
DBR	40.72%	40.72%	0.00%	2.02%	40.72%	42.74%	27.11%	27.20%	
Doğan Egmont	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	33.29%	33.40%	
Ultra Kablo	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	33.29%	33.40%	
Digital Hizmetler	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	27.23%	27.23%	
Süper Kanal	49.00%	49.00%	0.00%	0.00%	49.00%	49.00%	32.62%	32.73%	
CNN Türk	75.11%	78.03%	0.00%	0.00%	75.11%	78.03%	50.00%	52.12%	
Dergi Pazarlama	46.00%	46.00%	10.00%	10.00%	56.00%	56.00%	21.30%	21.38%	
Çağdaş Pazarlama (*)	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	32.54%	32.54%	
POAŞ	44.06%	47.42%	0.00%	0.00%	44.06%	47.42%	44.06%	47.42%	

- (*) This Joint Venture of Doğan Holding has been excluded from the scope of consolidation on the grounds of materiality.

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

- (iv) 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 less any provision for diminution in value (Not 16).

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.

- (v) 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.

2.7 Comparative information, changes in accounting policies and restatement of prior period financial statements

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.

As discussed in Notes 14 and 28, subsequent to the issuance of the financial statements of POAŞ at 31 December 2004, adjustments have been made to the acquisition costs of certain fixed assets for the application of Tax Law No. 5024. The effect of these adjustments pertaining to 2004 financial year which were realised after the issuance of 31 December 2004 consolidated financial statements, amounted to YTL 44.877.447 (YTL 19.769.703 with the Holding's ownership interest) and were reflected to the consolidated financial statements through reductions in 2005 opening retained earnings and deferred tax assets.

Subsequent to the issuance of financial statements of Dışbank at 31 December 2004, a Subsidiary classified as discontinued operations, adjustments have been made to the provision for loan losses related to the credit cards. The effect of these adjustments pertaining to 2004 financial year were reflected to the consolidated financial statements by the reductions in the 2005 openings discontinued operations' originated loans, minority interests and retained earnings amounting to YTL 38.500.000, YTL 10.079.300 and YTL 16.870.700 respectively and an increase in 2005 opening discontinued operations' deferred tax assets amounting to YTL 11.550.000.

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

IAS 39 – Financial Instruments: Regulations and Measurement has been revised effective from the annual period beginning on or after 1 January 2005. In accordance with the revised standard, gains and losses on available-for-sale financial assets should be directly recognised in equity until the financial assets is derecognized.

The Group changed its accounting policy on available-for-sale financial assets as required by IAS 39. Accordingly, the Group applied the accounting policy change retrospectively, and the gains and losses recognized on the statements of income until 31 December 2004 are adjusted to statements of equity and restated as if the new accounting policy mentioned above had always been in use.

The Group also excluded the amount of negative goodwill arising from the prior periods' acquisitions from the consolidated financial statements and adjusted in the opening retained earnings according to the International Financial Reporting Standard 3 ("IFRS 3") "Business Combinations".

2.8 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 3 - 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. As explained in Note 35, Doğan Holding signed an agreement to sell its Subsidiaries in finance segment and the operations of these Subsidiaries are disclosed as discontinued operations. The significant accounting policies, other than Group accounting which is described in Note 2.6, followed in the preparation of these consolidated financial statements are summarized for continuing and discontinued operations 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 (Not 9).

B. Marketable securities / Investments

The Group classifies its marketable securities and investments 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 investments are initially recognized at cost. Available-for-sale investments are subsequently re-measured at fair value. Unrealized gains and losses arising from the changes in the fair values of available-for-sale investments are accounted directly in shareholders’ equity rather than consolidated statement of income

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, which includes the restatement of this cost before 1 January 2005 to the equivalent purchasing power at balance sheet day, 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.

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 47). 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 4). 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at 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 7).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

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 45).

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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 45).

G. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. Cost of inventories is determined on the moving weighted average basis and 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 12).

H. Investment properties

Buildings and land held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, or for administrative purposes or sale in the ordinary course of business, are classified as investment property. Investment properties are carried at cost less accumulated depreciation. Investment properties (except land) are depreciated on a straight-line basis. Depreciation is calculated on the values of investment properties (Note 18). The depreciation periods for investment property, which approximate the economic useful lives of such assets, are 50 years.

Investment properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Property, plant and equipment are depreciated on a straight-line basis (Note 19).

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

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

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 other 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.

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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, indicating the difference between the purchase price and the attributable share of the Group in the fair value of the underlying net assets of the company acquired, are capitalized and amortized using the straight-line method over the useful life until 31 December 2004, if the acquisition is before 31 March 2004. Within framework 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 and adjusted for permanent impairment where it is considered necessary (Note 17). Any negative goodwill arising from the acquisitions after 31 March 2004 is recorded as income in the related period. According to 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 and it will be reviewed annually for impairment. The carrying amount of negative goodwill arising from prior periods' which was presented in the consolidated financial statements are adjusted to retained earnings as of 1 January 2005, in accordance with IFRS 3.

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 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 20).

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 20).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 15).

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 14).

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NOTE 3 - 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 and borrowing costs

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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Claims and claim provisions

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

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

Unearned premiums reserve

Unearned premiums set aside to provide for the period of risk extending beyond the date of the balance sheets, calculated on accrued premium on a daily basis for the policies in force.

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 23).

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

Discontinued operations:

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.

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

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Continuing operations:

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.

Premium income on non-life insurance services represents premiums on policies written during the year, net of cancellations.

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. 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. If the fair value of the goods or services received are not measured reliably, the revenue is measured at the fair value of the goods or services supplied, adjusted by the amount of any cash or cash equivalents transferred.

ii. 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.

iii. 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv. 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.

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NOTE 3 - 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, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could 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:

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NOTE 3 - 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.

v. (Loss)/Earnings per share

(Loss)/Earnings per share disclosed in the consolidated statement of income are determined by dividing net (loss)/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 (Note 42).

vi. Discontinued operations

Discontinued operations are the part of a Group which either are classified as held-for-sale or have been disposed of and whose activities and cash flows can be treated separable from the Group's whole activities and cash flows. Discontinued operations; represent separate business or geographical segment, are parts of the plans to sell or dispose thereof, or is a subsidiary acquired for selling. The Group's discontinued operations have been valued with the lower of the book values of related asset and liabilities of the discontinued operations, or market values thereof net of costs incurred to dispose of them (Note 35).

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NOTE 4 - CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Cash	-	1.418.845	1.418.845	60.721.480	1.056.876	61.778.356
Banks						
demand deposits	-	22.948.145	22.948.145	4.760.576	17.322.062	22.082.638
time deposits	-	96.942.462	96.942.462	9.537.088	184.908.119	194.445.207
blocked bank accounts	-	10.709.666	10.709.666	216.346.872	2.002.289	218.349.161
reverse repurchase agreements	-	5.270.947	5.270.947	13.230.000	2.543.490	15.773.490
Placements with banks	-	-	-	513.184.598	-	513.184.598
Reserve deposits with the Central Bank of Turkey	-	-	-	462.049.972	-	462.049.972
	-	137.290.065	137.290.065	1.279.830.586	207.832.836	1.487.663.422

At 30 June 2005, interest rates for local currency time deposits are between 14% and 25% (31 December 2004: 17%-29%), and interest rates for foreign currency time deposits are between 1% and 4% (31 December 2004: %1-%7). At 30 June 2005, the amount of reverse repurchase agreements is YTL 5.270.947 (31 December 2004: YTL 15.773.490). These are all short-term with periods of less than three months with interest rates between 8% and 15% (31 December 2004: 18%- 25%).

At 30 June 2005, YTL 10.612.996 (31 December 2004: YTL 2.002.289) of the deposits have been provided to collateralise the bank borrowings obtained by the Group and the related parties.

At 30 June 2005, Subsidiaries in the insurance sector have deposit investments amounting to YTL 96.670 (31 December 2004: YTL 7.096.872) in a blocked account with a state bank in favour of the Undersecretariat of Treasury as required by Insurance Supervisory Law.

Cash and cash equivalents included in the consolidated statements of cash flows for the year ended 30 June 2005 and 31 December 2004 are as follows.

	30 June 2005	31 December 2004	31 December 2003
Cash and amounts due from banks (excluding accrued interest)	116.501.097	737.720.975	1.034.448.435

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NOTE 5 - MARKETABLE SECURITIES

a) Trading Securities

The breakdown of trading securities at 30 June 2005 and 31 December 2004 is as follows:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Government bonds	-	28.001.508	28.001.508	230.894.736	25.092.672	255.987.408
Eurobonds	-	-	-	39.970.938	2.769.948	42.740.886
Treasury bills	-	24.999.062	24.999.062	83.016.333	31.470.388	114.486.721
Equity stocks	-	8.309.494	8.309.494	1.514.069	6.470.157	7.984.226
Corporate bonds	-	-	-	2.154.402	-	2.154.402
Other	-	100.202	100.202	7.757.551	-	7.757.551
	-	61.410.266	61.410.266	365.308.029	65.803.165	431.111.194

At 30 June 2005, the Group holds trading securities amounting to YTL 61.410.266 in local currency (31 December 2004: YTL 336.697.308 in local currency and YTL 94.413.886 in foreign currency).

The interest rates for treasury bills and government bonds held at 30 June 2005 for local currency are between 16% and 21% (31 December 2004: the interest rates for treasury bills and government bonds for local currency 17%-29%, the interest rates for treasury bills and government bonds for foreign currency 3%-11%).

At 30 June 2005, YTL 28.001.508 (31 December 2004: Nil) of government bonds have been blocked for pledge as security for bank borrowings used by the Group and its related parties.

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NOTE 5 - MARKETABLE SECURITIES (Continued)

Equity stocks of the Subsidiaries and Joint Ventures held by the Group classified under trading securities at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005	31 December 2004
POAŞ	4.295.479	3.860.174
Dışbank	3.613.514	3.219.383
Ray Sigorta	157.698	136.030
	8.066.691	7.215.587

b) Securities available-for-sale

Debt Securities:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Government bonds	-	-	-	408.098.375	-	408.098.375
Treasury bills	-	-	-	155.919.117	-	155.919.117
Corporate bonds	-	-	-	12.781.000	-	12.781.000
Other	-	-	-	1.195.601	-	1.195.601
	-	-	-	577.994.093	-	577.994.093

c) Securities held-to-maturity

The breakdown of securities held-to-maturity at 30 June 2005 and 31 December 2004 is as follows:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Government bonds	-	10.126.061	10.126.061	291.119.947	-	291.119.947
Treasury bills	-	12.106.814	12.106.814	9.923.054	-	9.923.054
Corporate bonds	-	-	-	12.871.000	-	12.871.000
	-	22.232.875	22.232.875	313.914.001	-	313.914.001

At 30 June 2005, investment securities held-to-maturity amounting to YTL 19.420.094 (31 December 2004: YTL 17.539.848) 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.

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NOTE 5 - MARKETABLE SECURITIES (Continued)

Interest rate for government bonds and treasury bills held to maturity at 30 June 2005 vary between 18% and 28% (31 December 2004: 24%-26%).

At 30 June 2005, the net unrealised gain on investment securities held-to-maturity amounts to YTL 2.581.701 (31 December 2004: YTL 41.227.000).

The breakdown of debt securities, classified as investment securities available-for-sale and held-to-maturity, as per their maturities at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005	31 December 2004
1-30 days	16.516.030	13.847.034
31-90 days	-	8.445.175
91 days - 1 year	5.716.845	869.615.885
	22.232.875	891.908.094

NOTE 6 - BORROWINGS

Breakdown of bank borrowings at 30 June 2005 and 31 December 2004 is as follows:

	30 June 2005			31 December 2004		
	YTL	Foreign currency	Total	YTL	Foreign currency	Total
Short-term bank borrowings						
Finance segment						
Syndication loan	-	-	-	-	545.330.000	545.330.000
Other	-	-	-	22.363.213	922.976.536	945.339.749
	-	-	-	22.363.213	1.468.306.536	1.490.669.749
Domestic banks						
Türk Eximbank	-	-	-	64.101.000	27.119.000	91.220.000
Other	-	-	-	34.714.000	90.929.000	125.643.000
	-	-	-	98.815.000	118.048.000	216.863.000
Total short-term bank borrowings- finance segment	-	-	-	121.178.213	1.586.354.536	1.707.532.749
Non-finance segments						
Bank borrowings	31.355.255	153.910.560	185.265.815	18.787.878	236.916.083	255.703.961
Short-term portion of long-term borrowings	8.500	149.412.519	149.421.019	-	113.606.505	113.606.505
Murabaha syndication	-	49.156.218	49.156.218	-	13.214.712	13.214.712
Eurobond	-	9.780.366	9.780.366	-	10.538.704	10.538.704
Total short-term bank borrowings- non-finance segments	31.363.755	362.259.663	393.623.418	18.787.878	374.276.004	393.063.882
Total short-term bank borrowings	31.363.755	362.259.663	393.623.418	139.966.091	1.960.630.540	2.100.596.631

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NOTE 6 - BORROWINGS (Continued)

	30 June 2005			31 December 2004		
	YTL	Foreign currency	Total	YTL	Foreign currency	Total
Long-term bank borrowings						
Finance segment						
Foreign institutions and banks	-	-	-	-	137.382.464	137.382.464
Other	-	-	-	-	25.729.000	25.729.000
Total long-term bank borrowings- finance segment	-	-	-	-	163.111.464	163.111.464
Non-finance segments						
Bank borrowings	-	504.085.890	504.085.890	187.176	590.984.806	591.171.982
Murabaha syndication	-	5.700.477	5.700.477	-	45.647.592	45.647.592
Eurobond	-	93.317.306	93.317.306	-	99.925.971	99.925.971
Total long-term bank borrowings- non-finance segments	-	603.103.673	603.103.673	187.176	736.558.369	736.745.545
Total long-term bank borrowings	-	603.103.673	603.103.673	187.176	899.669.833	899.857.009

The redemption schedules of long-term borrowings at 30 June 2005 and 31 December 2004 are summarised below:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
2006	-	160.173.506	160.173.506	115.076.888	306.556.753	421.633.641
2007 and after	-	442.930.167	442.930.167	48.034.576	430.188.792	478.223.368
	-	603.103.673	603.103.673	163.111.464	736.745.545	899.857.009

As of 30 June 2005, interest rates for local currency bank borrowings are between 6% and 27% (31 December 2004: 0%-32%), and for foreign currency bank borrowings 3% to 12% (31 December 2004: 3%-13%).

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 (USD77.096.989 with the Holding's ownership interest) are registered at Luxembourg Stock Exchange. The Eurobond issued has 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 30 June 2005, the short-term and the long-term amortized cost of the bonds held outside the Group calculated using the effective yield method amounts to YTL 22.200.017 (YTL 9.780.366 with the Holding's ownership interest) and YTL 219.911.097 (YTL 93.317.306 with the Holding's ownership interest), respectively.

Murabaha syndication

POAŞ signed a murabaha syndication agreement at 15 July 2004 for an amount of USD92.500.000 (USD40.751.265 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 30 June 2005, the short-term and the long-term portions of the murabaha syndication amounts to YTL 111.577.508 (YTL 49.156.218 with the Holding's ownership interest) and YTL 12.939.259 (YTL 5.700.477 with the Holding's ownership interest), respectively.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	30 June 2005	31 December 2004
<u>Short-term trade receivables</u>		
Trade receivables - net of unearned finance income	619.150.659	544.699.191
Notes receivables - net of unearned finance income	223.459.228	216.693.638
Deposits and guarantees given	1.186.494	1.646.009
Other	654.508	5.961.232
	844.450.889	769.000.070
Less: Provision for doubtful receivables	(48.673.674)	(45.493.095)
	795.777.215	723.506.975
<u>Long-term trade receivables</u>		
Trade receivables - net of unearned finance income	3.326.409	3.307.464
Notes receivables - net of unearned finance income	10.689.476	4.321.777
Deposits and guarantees given	865.240	426.088
	14.881.125	8.055.329
Movement of the provisions for doubtful receivables in 2005 and 2004 is as follows:		
	30 June 2005	30 June 2004
1 January	45.493.095	26.782.622
Increase in provision	6.591.952	15.341.657
Monetary gain	-	(2.400.814)
Collections	(2.613.607)	(2.019.672)
Decrease in Joint Venture ownership rate	(797.766)	-
30 June	48.673.674	37.703.793
<u>Short-term trade payables:</u>		
Trade accounts payable - net of unincurred credit finance charges	571.748.180	513.668.769
Notes payable - net of unincurred credit finance charges	5.261.012	8.533.725
Deposits and guarantees received	2.012.599	712.393
Other	1.439.181	2.128.268
	580.460.972	525.043.155
<u>Long-term trade payables</u>		
Trade accounts payable - net of unincurred credit finance charges	28.093.521	38.547.200
Deposits and guarantees received	6.686.395	5.847.971
	34.779.916	44.395.171

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

Year	30 June 2005	31 December 2004
2006	12.076.154	20.322.348
2007 and after	22.703.762	24.072.823
	34.779.916	44.395.171

NOTE 8 - LEASING RECEIVABLES AND PAYABLES

(i) Leasing receivables

	30 June 2005	31 December 2004
Short term leasing receivables	-	80.612.000
Long term leasing receivables	-	69.565.304
	-	150.177.304

(ii) Leasing payables

	30 June 2005	31 December 2004
Short term leasing payables	1.650.019	1.617.847
Long term leasing payables	1.823.080	1.954.769
	3.473.099	3.572.616

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Amounts due from and due to related parties:

<u>Due from related parties:</u>	30 June 2005	31 December 2004
D Yapı ve İnşaat Sanayi ve Ticaret A.Ş. ("D Yapı")	8.236.165	1.513.490
Doğan family	1.960.000	17.898
Alo Teledünya A.Ş. ("Alo Teledünya")	343.049	342.762
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	100.584	63.137
Other	430.914	426.358
	11.070.712	2.363.645

<u>Due to related parties:</u>	30 June 2005	31 December 2004
D Yapı	1.002.664	5.003.568
D Tek	431.787	439.825
Doğan İnternet Yatırımları A.Ş.	177.538	-
Adilbey Holding A.Ş. ("Adilbey Holding")	105.577	55.652
Other	283.722	33.343
	2.001.288	5.532.388

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NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Transactions with related parties:

Service and product purchases:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
D Yapı	1.350.005	675.697	366.064	258.155
Adilbey Holding	799.988	726.340	513.013	513.013
Ortadoğu Otomotiv	231.015	189.386	102.830	79.821
Other	185.241	184.767	68.823	58.519
	2.566.249	1.776.190	1.050.730	909.508

Service and product sales:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Adilbey Holding	3.690.584	1.515.982	7.557.890	589.530
Ortadoğu Otomotiv	170.379	101.062	767.042	615.457
D Yapı	27.437	1.834	136.549	90.872
Other	82.119	79.516	1.189.395	712.635
	3.970.519	1.698.394	9.650.876	2.008.494

Discontinued operations – interest income/(expense), net:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Doğan family	(5.999.296)	(2.666.718)	(7.882.233)	(5.503.776)
Dışbank Emekli Sandığı	(2.453.875)	(1.372.282)	-	-
Other, net	(195.958)	(3.101)	126.403	336.725
Net interest expenses	(8.649.129)	(4.042.101)	(7.755.830)	(5.167.051)

Continuing operations – interest income/(expense), net:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Orta Anadolu Otomotiv A.Ş.	-	-	134.752	12.904
Other, net	65.001	(6.212)	(21.495)	(150.432)
Interest income	65.001	(6.212)	113.257	(137.528)
D Yapı	(276.463)	(238.239)	(215.757)	(150.704)
Interest expense	(276.463)	(238.239)	(215.757)	(150.704)
Net interest expenses	(211.462)	(244.451)	(102.500)	(288.232)

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	30 June 2005	31 December 2004
Other short-term receivables		
Advances given	13.146.903	8.484.219
Work advances	11.123.421	6.519.802
Other miscellaneous receivables	8.737.099	9.651.992
Due from personnel	1.945.419	2.011.836
Special Consumption Tax exemption	912.828	20.776.442
Receivables from other banks	-	14.534.726
Lawsuit and court expenses receivable	-	6.132.255
	35.865.670	68.111.272
Other long-term receivables		
Advances given	4.810.081	3.168.665
Other miscellaneous receivables	248.445	196.665
	5.058.526	3.365.330
Other short-term liabilities		
Taxes and withholdings payables	130.249.763	167.309.539
Payables to Privatization Administration ("PA")	37.200.252	39.260.567
Fuel purchase certificates	18.670.447	50.256.239
Compensation to be paid	7.673.983	8.260.810
Payables to personnel	2.179.230	2.586.351
Blocked merchant accounts	-	76.111.000
Other miscellaneous payables	-	47.272.748
Cheques at clearing	-	38.148.000
Import transfers and payment orders	-	18.769.952
Provision for credit related commitments	-	17.880.000
Blocked cheques and deposits	-	10.457.000
Other	17.102.453	18.038.822
	213.076.128	494.351.028
Other long-term liabilities		
Other long-term liabilities	756.557	1.850.016
	756.557	1.850.016

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NOTE 11 - BIOLOGICAL ASSETS

As of 30 June 2005, biological assets amount to YTL 114.511 (31 December 2004: YTL 167.027).

NOTE 12 - INVENTORIES

	30 June 2005	31 December 2004
<u>Short-term inventories</u>		
Finished goods and merchandise	265.094.939	236.602.686
Raw materials and supplies	25.174.474	23.617.620
Spares, supplies and advances	10.307.627	7.002.729
Promotion stocks	9.544.050	12.377.779
Semi-finished goods	7.285.990	7.689.914
Other inventories	13.893.441	26.129.621
	331.300.521	313.420.349
Provision for net realizable value	(10.938.478)	(13.133.545)
	320.362.043	300.286.804

Other inventories mainly consist of fuels in transit and lubricants.

Long-term inventories

Construction-in-progress inventories	7.235.109	5.963.500
Total	7.235.109	5.963.500

Long-term construction-in-progress inventories are the restated costs of the construction at Istanbul Beylikdüzü at 30 June 2005; 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 and 3 January 2005.

NOTE 13 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING

Group has no construction contract receivables and construction progress billings (31 December 2004: None).

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NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

Deferred Tax

Doğan Holding, Subsidiaries and Joint Ventures recognize deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for CMB Accounting Standards purposes and their statutory tax financial statements. In substance, differences arise from the differences in accounting periods for the recognition of income and expenses, in accordance with CMB Accounting Standards and tax legislation.

Deferred income taxes will be calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 30%.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/ (liabilities) provided at 30 June 2005 and 31 December 2004 using the enacted future tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Net difference between the tax base and the carrying value of property, plant and equipment, intangible assets and inventories	229.289.575	140.609.670	(69.328.001)	(42.529.791)
Other	37.268.820	24.695.802	(11.276.040)	(7.573.451)
Deferred tax liabilities	266.558.395	165.305.472	(80.604.041)	(50.103.242)
Tax losses carried forward	240.936.431	439.399.482	70.018.510	128.919.947
Provision for loan losses and factoring receivables	-	48.991.388	-	14.697.415
Reserve for employment termination benefits	22.256.437	30.054.866	6.637.179	8.953.361
Provision for doubtful receivables	25.382.992	25.205.339	7.614.897	7.561.601
Other	121.406.163	120.074.958	35.909.631	35.514.303
Deferred tax assets	409.982.023	663.726.033	120.180.217	195.646.627
Deferred tax assets-net			39.576.176	145.543.385

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 CMB Accounting Standards; 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 30 June 2005 for the tax losses carried forward amounting to YTL 107.451.918 (31 December 2004: YTL 117.063.607) as there is an uncertainty about the future taxable profit that will be available against which these deferred tax assets can be utilised.

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NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Movements for net deferred taxes for the six-month interim period ended 30 June 2005 and 2004 are as follows:

	30 June 2005	30 June 2004
1 January	145.543.385	175.022.321
Classification related to discontinued operations	(60.811.398)	-
Effect of change in Joint Venture ownership rate	(1.968.007)	-
Charge for the period	(23.418.101)	(16.806.178)
Charge for the period related to discontinued operations	-	49.505.096
Effect of change in accounting policy (Notes 2.7 and 28)	(19.769.703)	-
30 June	39.576.176	207.721.239

**NOTE 15 - OTHER CURRENT-NON CURRENT ASSETS AND OTHER CURRENT-NON
CURRENT LIABILITIES**

Other current assets

	30 June 2005	31 December 2004
Deferred acquisition costs	19.819.821	14.121.000
Prepaid expenses	17.952.776	23.667.642
Prepaid taxes and funds	16.435.235	17.817.311
Value Added Tax ("VAT") receivable	10.430.414	14.313.557
Income accruals	5.185.493	1.308.880
Programme stocks	4.547.466	3.951.200
Other current assets	9.426.915	25.058.605
	83.798.120	100.238.195
Impairment for programme stocks	(700.000)	(737.784)
	83.098.120	99.500.411

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**NOTE 15 - OTHER CURRENT-NON CURRENT ASSETS AND OTHER CURRENT-NON
CURRENT LIABILITIES (Continued)**

Other non-current assets

	30 June 2005	31 December 2004
Prepaid taxes and funds	9.697.998	10.166.869
Other non-current assets	323.875	539.421
	10.021.873	10.706.290

Other current liabilities

	30 June 2005	31 December 2004
Provision for expenses	10.576.907	24.566.092
Deferred income	4.906.502	5.595.303
Bonuses to personnel	-	11.000.000
Other	341.749	87.980
	15.825.158	41.249.375

Other non-current liabilities

	30 June 2005	31 December 2004
Other non-current liabilities	89.740	43.462
	89.740	43.462

NOTE 16 - FINANCIAL ASSETS

a) Securities available-for-sale

Debt Securities:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Government bonds	-	-	-	522.273.676	-	522.273.676
Eurobonds	-	-	-	263.157.441	-	263.157.441
Corporate bonds	-	-	-	40.340.883	-	40.340.883
	-	-	-	825.772.000	-	825.772.000

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NOTE 16 - FINANCIAL ASSETS (Continued)

Equity securities:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Listed	-	-	-	8.738.880	-	8.738.880
Unlisted	-	3.886.566	3.886.566	6.502.075	4.288.701	10.790.776
	-	3.886.566	3.886.566	15.240.955	4.288.701	19.529.656
Total securities available-for-sale	-	3.886.566	3.886.566	841.012.955	4.288.701	845.301.656

Equity stocks classified under securities available-for-sale at 30 June 2005 and 31 December 2004 are as follows:

Company name	30 June 2005		31 December 2004	
	YTL	%	YTL	%
Listed:				
Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB")	-	-	4.778.880	3
Anadolu Hayat Sigorta A.Ş.	-	-	3.960.000	1
	-		8.738.880	
Unlisted:				
IMKB Takas Bank A.Ş.	-	-	3.811.881	2
Aks Televizyon Reklamcılık ve Filmcilik San. ve Tic. A.Ş.	2.922.593	9	2.922.593	9
Cam Elyaf Sanayi A.S.	-	-	1.965.400	1
D Tek (*)	530.705	100	528.592	100
Bankalararası Kredi Kartları Merkezi	-	-	724.794	2
Other	433.268	-	837.516	-
	3.886.566		10.790.776	
	3.886.566		19.529.656	

(*) 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 costs less any impairment.

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NOTE 16 - FINANCIAL ASSETS (Continued)

b) Securities held-to-maturity:

The breakdown of securities held-to-maturity at 30 June 2005 and 31 December 2004 is as follows:

	30 June 2005			31 December 2004		
	Finance	Other	Total	Finance	Other	Total
Government bonds	-	-	-	161.764.972	-	161.764.972
Eurobonds	-	-	-	157.362.285	-	157.362.285
Corporate bonds	-	-	-	7.658.823	-	7.658.823
	-	-	-	326.786.080	-	326.786.080

NOTE 17 - GOODWILL / NEGATIVE GOODWILL

	1 January 2005	Additions	Disposals (*)	Sale of a joint venture(**)	30 June 2005
Goodwill (Note 32)	1.915.676.295	6.024.816	-	(98.932.477)	1.822.768.634
Accumulated amortization	(520.351.073)	-	-	19.959.409	(500.391.664)
Net book value	1.395.325.222	6.024.816	-	(78.973.068)	1.322.376.970
Negative goodwill	(7.700.916)	-	7.700.916	-	-
Accumulated amortization	1.378.805	-	(1.378.805)	-	-
Net book value	(6.322.111)	-	6.322.111	-	-
Total net book value	1.389.003.111				1.322.376.970

	1 January 2004	Additions	Disposals	30 June 2004
Goodwill (Note 32)	1.936.772.429	10.791.007	(31.886.322)	1.915.677.114
Accumulated amortization	(435.283.757)	(44.692.921)	4.202.935	(475.773.743)
Net book value	1.501.488.672	(33.901.914)	(27.683.387)	1.439.903.371
Negative goodwill	(7.700.917)	-	-	(7.700.917)
Accumulated amortization	898.443	224.298	-	1.122.741
Net book value	(6.802.474)	224.298	-	(6.578.176)
Total net book value	1.494.686.198			1.433.325.195

(*) The Group removed the negative goodwill arising from the prior periods' acquisitions amounted to YTL 6.322.111 from the consolidated balance sheets by adjusting the opening retained earnings according to IFRS 3.

(**) The effect of 3.37% share sales of POAŞ, a joint venture of the Group, to goodwill and accumulated amortization.

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NOTE 18 - INVESTMENT PROPERTY

	1 January 2005	Additions	Disposals	Impairment	30 June 2005
<u>Cost:</u>					
Land and land improvements	46.264.193	451.256	-	-	46.715.449
Buildings	9.763.103	-	(1.565.775)	-	8.197.328
	56.027.296	451.256	(1.565.775)	-	54.912.777
<u>Accumulated depreciation:</u>					
Buildings	1.482.749	166.301	(125.281)	-	1.523.769
	1.482.749	166.301	(125.281)	-	1.523.769
Net book value	54.544.547				53.389.008

	1 January 2004	Additions	Disposals	30 June 2004
<u>Cost:</u>				
Land and land improvements	37.779.397	5.166.041	(1.024.666)	41.920.772
Buildings	9.005.076	1.696.999	-	10.702.075
	46.784.473	6.863.040	(1.024.666)	52.622.847
<u>Accumulated depreciation:</u>				
Buildings	1.092.451	234.444	-	1.326.895
	1.092.451	234.444	-	1.326.895
Net book value	45.692.022			51.295.952

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

Movement for property, plant and equipment and related depreciation for the six-month interim period ended 30 June 2005 is as follows:

	1 January 2005	Additions	Disposals	Transfers	Impairment related to discontinued operations	Sales of subsidiaries(*)	Effect of change in participation rate(**)	Currency translation differences	Reclassification to discontinued operations	30 June 2005
Cost:										
Land and land improvements	202.627.474	2.038.166	-	132.225	-	-	(9.844.794)	(739.430)	(3.522.200)	190.691.441
Buildings	523.940.590	3.631.036	(82.192)	948.673	(28.048.899)	-	(4.317.843)	(1.550.042)	(82.811.978)	411.709.345
Machinery and equipment	1.147.979.141	2.944.560	(964.247)	14.663.509	-	(626.999)	(20.790.788)	(3.365.295)	(22.882.090)	1.116.957.791
Motor vehicles	90.491.592	3.385.428	(2.391.669)	2.185.589	-	(206.808)	(319.080)	(1.576)	(1.506.634)	91.636.842
Furniture and fixtures	493.052.385	8.140.275	(2.451.171)	2.730.206	(3.056.149)	(1.651.397)	(970.513)	(129.454)	(303.797.429)	191.866.753
Leasehold improvement	222.716.662	16.307.917	(3.119.193)	1.714.322	(1.782.848)	(227.103)	(2.301.752)	-	(119.099.822)	114.208.183
Other fixed assets	141.275.865	7.126.559	(116.018)	3.933.572	-	-	(9.684.799)	-	(19.452.170)	123.083.009
Construction in progress	13.304.122	35.080.691	(31.906)	(27.069.065)	-	-	(410.377)	-	-	20.873.465
	2.835.387.831	78.654.632	(9.156.396)	(760.969)	(32.887.896)	(2.712.307)	(48.639.946)	(5.785.797)	(553.072.323)	2.261.026.829
Accumulated depreciation:										
Land and land improvements	19.045.725	1.636.318	-	-	-	-	(1.081.605)	-	(135.813)	19.464.625
Buildings	100.768.803	6.487.400	(2.192)	-	-	-	(250.641)	(153.845)	(26.445.234)	80.404.291
Machinery and equipment	775.117.413	31.534.023	(649.295)	-	-	(166.738)	(16.465.803)	(910.356)	(907.444)	787.551.800
Motor vehicles	34.343.036	4.891.645	(1.697.428)	-	-	(52.552)	(222.636)	(597)	(1.485.110)	35.776.358
Furniture and fixtures	417.623.905	19.198.220	(2.033.458)	-	-	(658.144)	(523.269)	(72.478)	(285.916.200)	147.618.576
Leasehold improvement	130.901.638	16.232.927	(2.915.638)	-	-	(174.816)	(381.250)	-	(93.621.725)	50.041.136
Other fixed assets	57.658.081	13.027.543	(39.403)	-	-	-	(3.133.020)	-	(19.286.361)	48.226.840
	1.535.458.601	93.008.076	(7.337.414)	-	-	(1.052.250)	(22.058.224)	(1.137.276)	(427.797.887)	1.169.083.626
Net book value	1.299.929.230									1.091.943.203

(*) Effect of merger of Doğan Prodüksiyon, a subsidiary of the Group, with CNN Türk in property, plant and equipment.

(**) The effects of 3,37% share sales of POAŞ, 2,02% share sales of Doğan Burda and 2,92% share sales of CNN Türk in property, plant and equipment.

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement for property, plant and equipment and related depreciation for the six-month interim period ended 30 June 2004 is as follows:

	1 January 2004	Additions	Purchases	Disposals	Transfers	Currency translation differences	30 June 2004
Cost:							
Land and land improvements	189.750.920	2.310.610	-	(379.850)	249.389	(297.076)	191.633.993
Buildings	498.892.042	7.170.587	90.131	(1.565.254)	120.319	(1.246.403)	503.461.422
Machinery and equipment	1.112.919.250	6.911.588	137.642	(7.478.817)	3.956.426	(4.422.256)	1.112.023.833
Motor vehicles	89.210.042	3.612.487	-	(3.438.678)	255.759	(227.880)	89.411.730
Furniture and fixtures	518.194.339	22.776.744	1.474.289	(8.759.667)	93.251	(360.847)	533.418.109
Leasehold improvement	207.296.368	15.272.679	-	(9.561.214)	1.876.744	-	214.884.577
Other fixed assets	111.626.516	8.851.015	2.569	(3.080.346)	8.158.514	-	125.558.268
Construction in progress	17.829.877	16.989.467	-	(1.207.061)	(14.710.402)	(41.475)	18.860.406
	2.745.719.354	83.895.177	1.704.631	(35.470.887)	-	(6.595.937)	2.789.252.338
Accumulated depreciation:							
Land and land improvements	15.675.508	1.703.043	-	-	-	-	17.378.551
Buildings	88.059.516	5.922.039	55.304	(99.717)	-	(902.529)	93.034.613
Machinery and equipment	720.024.182	31.044.689	137.642	(6.702.687)	-	(3.064.811)	741.439.015
Motor vehicles	30.541.269	5.155.587	-	(2.718.210)	-	(176)	32.978.470
Furniture and fixtures	410.187.823	22.433.731	538.270	(2.480.532)	-	(290.191)	430.389.101
Leasehold improvement	110.712.582	14.495.970	-	(9.106.050)	-	-	116.102.502
Other fixed assets	33.138.285	14.264.528	-	(2.702.629)	-	-	44.700.184
	1.408.339.165	95.019.587	731.216	(23.809.825)	-	(4.257.707)	1.476.022.436
Net book value	1.337.380.189						1.313.229.902

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Machinery and equipment, furniture and fixtures, motor vehicles and leasehold improvements include finance leased assets amounting to YTL 42.146.752, YTL 1.193.536, YTL 1.972.674 and YTL 2.630.223 (31 December 2004: YTL 43.348.308, YTL 105.991.471, YTL 1.942.688 and YTL 2.240.451), respectively, at 30 June 2005. The accumulated depreciation related to finance leased assets amounts to YTL 34.277.446 at 30 June 2005 (31 December 2004: YTL 111.074.949).

At 30 June 2005, mortgages on property, plant and equipment amount to YTL 32.703.699 (31 December 2004: YTL 132.582.663).

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NOTE 20 - INTANGIBLE ASSETS

Movements for intangible assets and related amortization for the six-month interim period ended 30 June 2005 and 2004 are as follows:

	1 January 2005	Additions	Disposals	Transfers	Impairment	Impairment related to discontinued operations	Sales of subsidiaries(*)	Effect of change in participation rate(**)	Currency translation differences	Reclassification to discontinued operations	30 June 2005
Cost	229.588.168	14.830.206	(1.364.355)	760.969	(258.389)	(204.059)	(798.594)	(890.813)	(65.455)	(41.536.447)	200.061.231
Accumulated amortization	(146.449.848)	(18.803.619)	309.689	-	-	-	480.432	663.334	18.448	28.187.447	(135.594.117)
Net book value	83.138.320										64.467.114

	1 January 2004	Additions	Disposals	Transfers	Impairment	Impairment related to discontinued operations	Sales of subsidiaries	Effect of change in participation rate	Currency translation differences	Reclassification to discontinued operations	30 June 2004
Cost	176.151.674	13.685.111	(1.951.267)	-	(2.682.806)	-	-	-	(126.403)	-	185.076.309
Accumulated amortization	(93.326.903)	(17.692.880)	982.228	-	-	-	-	-	92.407	-	(109.945.148)
Net book value	82.824.771										75.131.161

(*) Effect of merger of Doğan Produksiyon, a subsidiary of the Group, with CNN Türk in intangible assets.

(**) The effects of 3.37% share sales of POAŞ, 2,02% share sales of Doğan Burda and 2,92% share sales of CNN Türk, the joint ventures of the Group, in intangible assets.

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NOTE 21 - ADVANCES RECEIVED

	30 June 2005	31 December 2004
<u>Short-term advances</u>		
Order advances received	4.853.901	6.216.091
Other advances received	-	24.811
	4.853.901	6.240.902
<u>Long-term advances</u>		
Cash advances received from campaign participants	24.715.140	9.683.385
Documented advances received from campaign participants	19.996.111	8.826.177
Other advances received	36.936	-
	44.748.187	18.509.562

NOTE 22 - RETIREMENT PLANS

There is no retirement plan of the Group other than provision for employment termination benefits as explained in Note 23.

NOTE 23 - PROVISIONS

	30 June 2005	31 December 2004
<u>Short-term provisions</u>		
Tax provision (Note 41)	21.579.411	19.196.257
Provision for lawsuits	17.338.928	22.431.097
Other	5.143.646	-
	44.061.985	41.627.354
<u>Long-term provisions</u>		
Provision for employment termination benefits	22.256.437	30.054.866
	22.256.437	30.054.866

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

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NOTE 23 - PROVISIONS (Continued)

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 30 June 2005 payable consists of one month's salary limited to a maximum of YTL 1.648,90 (31 December 2004: YTL 1.574,74) for each year of service at 30 June 2005.

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.

CMB Accounting Standards 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.

	30 June 2005	31 December 2004
Discount rate	%5,45	%5,45
Turnover rate to estimate the probability of retirement	%92	%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 YTL 1.727,15 at 1 July 2005 will be taken into consideration in calculating the reserve for employment termination benefit (1 January 2005: YTL 1.648,90).

Movements in the reserve for employment termination benefits during the six-month interim period ended 30 June 2005 and 2004 are as follows:

	30 June 2005	30 June 2004
1 January	30.054.866	20.603.196
Acquisitions *	-	119.617
Classification to discontinued operations	(8.625.000)	-
Decrease in participation rate in Joint Venture *	(354.464)	-
Charge for the period	4.458.639	3.519.262
Disposals	(1.264.350)	(1.501.399)
Monetary gain	-	(958.256)
Change of the current period related to discontinued operations-net	(2.013.254)	50.969
30 June	22.256.437	21.833.389

(*) The effects of the opening balances of the Subsidiaries' acquired in current period and of the change in Joint Venture participate rates in the current period.

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NOTE 24– MINORITY INTERESTS

Movements of the minority interests for the six-month period ended 30 June 2005 and 2004 are as follows:

	30 June 2005	30 June 2004
1 January	974.366.277	855.885.435
Effects of corrections (Note 2.7)	(10.079.300)	-
Currency translation differences	(1.604.328)	(2.253.080)
Sales of Subsidiaries	(6.032.091)	(7.117.554)
Minority interest arising from the acquisition of a new subsidiary	(2.762.221)	71.000.939
Dividend payments	(4.996.176)	(26.844.476)
Other movements	673.158	-
Net income/(loss)	37.362.341	(38.330.226)
30 June	986.927.660	852.341.038

NOTE 25 - CAPITAL/ADJUSTMENT TO 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 TL 10.000. Doğan Holding's authorised, historical and paid-in share capital at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005	31 December 2004
	YTL	YTL
Limit on registered share capital (historical)	2.000.000.000	2.000.000.000
Share capital	735.288.208	735.288.208

The shareholder structure of the Holding at 30 June 2005 and 31 December 2004 is summarised as follows:

	Share %	30 June 2005	Share %	31 December 2004
Adilbey Holding	52,00	382.349.868	52,00	382.349.868
Aydın Doğan	11,72	86.106.341	11,72	86.106.341
Işıl Doğan	1,64	12.092.273	1,64	12.092.273
Arzuhan Yalçındağ	0,04	300.914	0,04	300.914
Vuslat Doğan Sabancı	0,04	300.914	0,04	300.914
Hanzade V. Doğan	0,04	300.914	0,04	300.914
Y. Begümhan Doğan Faralyalı	0,04	300.914	0,04	300.914
Total Doğan family and companies owned by Doğan family	65,52	481.752.138	65,52	481.752.138
Istanbul Stock Exchange	34,29	252.131.806	34,29	252.131.806
Aydın Doğan Vakfı	0,19	1.404.264	0,19	1.404.264
	100	735.288.208	100	735.288.208
Adjustment to share capital		804.735.232		804.735.232
Total share capital		1.540.023.440		1.540.023.440

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NOTE 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL (Continued)

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

NOTE 26 - CAPITAL 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.

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.

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NOTE 26 - CAPITAL RESERVES (Continued)

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

	30 June 2005	(Restated) 31 December 2004	(Previously reported) 31 December 2004
Share capital	735.288.208	735.288.208	735.288.208
Share premium	630.275	630.275	630.275
Legal reserves	7.915.090	7.915.090	7.915.090
Financial assets fair value reserve	34.482.601	38.037.464	-
Extraordinary reserves	82.871.964	82.871.964	82.871.964
Other reserves	5.587.343	5.587.343	5.587.343
Cost increase fund	-	-	-
Restatement difference of shareholders' equity	1.128.199.721	1.128.199.721	1.128.199.721
Currency translation differences	(44.176.227)	(42.417.829)	(42.417.829)
Net income for the period	83.671.510	277.204.823	239.285.805
Retained earnings	(15.360.273)	(262.246.804)	(186.290.322)
Total shareholders' equity	2.019.110.212	1.971.070.255	1.971.070.255

NOTE 27 - PROFIT RESERVES

As of 30 June 2005 and 31 December 2004, the details of the differences arising between the inflated and historical amounts of statutory shareholders' equity items presented above are as follows;

	30 June 2005			31 December 2004		
	Historical amount	Restated amount	Restatement difference	Historical amount	Restated amount	Restatement difference
Share capital	735.288.208	1.540.023.440	804.735.232	735.288.208	1.540.023.440	804.735.232
Share premium	630.275	738.390	108.115	630.275	738.390	108.115
Legal reserves	7.915.090	35.370.794	27.455.704	7.915.090	35.370.794	27.455.704
Extraordinary reserves	82.871.964	330.090.503	247.218.539	82.871.964	330.090.503	247.218.539
Other reserves	5.587.343	54.269.474	48.682.131	5.587.343	54.269.474	48.682.131
	832.292.880	1.960.492.601	1.128.199.721	832.292.880	1.960.492.601	1.128.199.721

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.

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NOTE 28 - RETAINED EARNINGS

At the General Assembly Meeting of Doğan Holding for year 2004 held on 11 August 2005, it has decided that no dividend will be distributed from 2004 profit amounting to YTL 239.285.805. This decision was given due to the fact that the remaining profit after netting off the accumulated deficit for prior years that were resulted from first time inflation accounting application at 31 December 2003 amounting to YTL 186.290.322 is less than the total net income of YTL 69.119.138 of the Holding's subsidiaries, associates and joint ventures which have not hold their general assembly meetings yet or decided not to distribute profit.

As discussed in Notes 14 and 2.7, subsequent to the issuance of the financial statements of POAŞ at 31 December 2004, adjustments have been made to the acquisition costs of certain fixed assets for the application of Tax Law No. 5024. The effect of these adjustments pertaining to 2004 financial year and which were realised after the issuance of 31 December 2004 consolidated financial statements, amounted to YTL 44.877.447 (YTL 19.769.703 with the Holding's ownership interest) and were reflected to the consolidated financial statements through reductions in 2005 opening retained earnings and deferred tax assets.

Subsequent to the issuance of financial statements of Dışbank at 31 December 2004, adjustments have been made to the provision for loan losses related to the credit cards. The effect of these adjustments pertaining to 2004 financial year were reflected to the consolidated financial statements by the reductions in the 2005 opening discontinued operations' originated loans, minority interests and retained earnings amounting to YTL 38.500.000, YTL 10.079.300 and YTL 16.870.700, respectively and an increase in 2005 opening discontinued operations' deferred tax assets amounting to YTL 11.550.000.

NOTE 29 - FOREIGN CURRENCY POSITION

Assets and liabilities denominated in foreign currency held by the Group at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005			
	US\$	EURO	Other	Total
<u>Assets:</u>				
Cash and cash equivalents and reserve deposits				
with the Central Bank of Turkey	26.829.126	7.596.823	350.943	34.776.892
Trade receivables and				
due from related parties	98.543.479	29.526.135	645.915	128.715.529
Inventories	18.374	1.522.474	3.844	1.544.692
Other current assets	1.095.434	2.196.545	-	3.291.979
Property, plant and equipment, net	-	45.437.944	-	45.437.944
Other non-current assets	278.654	43.490	-	322.144
Discontinued operations	2.902.403.608	685.584.512	48.523.000	3.636.511.120
Total assets	3.029.168.675	771.907.923	49.523.702	3.850.600.300

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NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

Liabilities:

Short-term bank borrowings	138.863.584	13.913.738	1.133.238	153.910.560
Short portion of lon-term bank borrowings	196.793.541	10.637.289	918.273	208.349.103
Leasing payables	550.004	-	-	550.004
Advances received	2.636	32.103	-	34.739
Trade payables and due to related parties	353.583.966	25.519.676	1.931.110	381.034.752
Other current liabilities	311.332	852.843	26.036	1.190.211
Other payables	11.620.821	251.091	-	11.871.912
Long-term bank borrowings	510.964.317	88.728.820	3.410.536	603.103.673
Discontinued operations	2.924.108.506	706.670.650	71.649.000	3.702.428.156
Advances received	6.789.885	12.077.888	-	18.867.773

Total liabilities	4.143.588.592	858.684.098	79.068.193	5.081.340.883
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Net foreign currency position	(1.114.419.917)	(86.776.175)	(29.544.491)	(1.230.740.583)
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**Off-balance sheet derivative
instruments net position**

451.829.984	(481.167.000)	19.957.000	(9.380.016)
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31 December 2004

	US\$	EURO	Other	Total
<u>Assets:</u>				
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	814.309.272	53.468.948	1.195.000	868.973.220
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
Total assets	3.172.033.725	693.557.314	56.662.202	3.922.253.241

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NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

Liabilities:

Short-term bank borrowings	1.710.674.682	109.688.969	2.906.968	1.823.270.619
Short portion of lon-term bank borrowings	130.522.081	5.911.403	926.437	137.359.921
Deposits	1.491.396.446	588.112.746	55.992.000	2.135.501.192
Other payables	73.124.994	4.821.168	514.000	78.460.162
Derivative financial instruments	1.192.000	16.000	85.000	1.293.000
Advances received	5.824.952	2.016.081	-	7.841.033
Trade payables and due to related parties	296.093.053	45.771.194	7.423.455	349.287.702
Long-term bank borrowings	781.457.690	114.593.535	3.618.608	899.669.833
Provisions	3.364.000	-	-	3.364.000
Deferred tax liabilities	207.000	-	-	207.000
Total liabilities	4.493.856.898	870.931.096	71.466.468	5.436.254.462
Net foreign currency position	(1.321.823.173)	(177.373.782)	(14.804.266)	(1.514.001.221)
Off-balance sheet derivative instruments net position	58.561.000	7.420.000	4.215.000	70.196.000

At 30 June 2005, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of YTL 1,3413 = US\$ 1 and YTL 1,6167 = Euro 1 (31 December 2004: YTL 1,3421 = US\$ 1 and YTL 1,8268 = Euro 1).

NOTE 30 - GOVERNMENT GRANTS

	30 June 2005	31 December 2004
Investment incentive allowance	132.371.921	117.989.248

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

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

Guarantees and commitments given – Continuing operations: 30 June 2005 31 December 2004

a. Commitments given

Subsidiary shares given as guarantee	214.910.522	211.895.522
Letters of guarantee	137.291.761	110.788.827
Guarantee notes	33.910.361	32.200.991
	386.112.644	354.885.340

The Group has provided bail and mortgages to third parties in the amounts of YTL 343.203.046 (31 December 2004: YTL 502.968.698) and YTL 32.703.699 (2003: YTL 132.582.663) respectively with respect to bank borrowings obtained.

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NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

b. Barter Agreements:

The Group, as a common practice in the media segment, entered into Barter agreements. These agreements involve the exchange of goods or services without cash collections or payments.

At 30 June 2005 and 2004, major barter agreements are as follows:

Subsidiaries and Joint Ventures	30 June 2005 Amounts issued	30 June 2004 Amounts issued
Kanal D	5.756.173	1.943.000
Hürriyet	2.772.000	2.605.000
Doğan Gazetecilik	848.000	2.917.000
DBR	246.046	230.826
D Prodüksiyon	-	1.674.000
Other	-	15.000
	9.622.219	9.384.826

Subsidiaries and Joint Ventures	Amounts received	Amounts received
Kanal D	6.166.951	1.071.000
Doğan Gazetecilik	2.470.000	2.390.000
Hürriyet	1.270.000	2.609.000
DBR	260.225	172.692
Eko TV	-	493.000
Other	-	18.000
	10.167.176	6.753.692

c. Court cases:

Law cases against the Group amount to YTL 103.970.579 at 30 June 2005 (31 December 2004: YTL 94.834.251).

Following the conclusion of the case in favour of Dışbank, 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 YTL155.070.000 and YTL37.737.000 from its corporate tax base in 2003 and 2004, respectively. In addition, Dışbank carried deferred tax assets of YTL26.237.000 on this carried forward loss in the consolidated financial statements at 30 June 2005, based on the corporate tax base in 2005 of YTL87.458.000. 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 YTL155.070.000 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. The legal proceedings are now in progress and there is no provision in the financial statements of Dışbank regarding this case.

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NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Guarantees and commitments given - discontinued operations:

In the banking segment, the normal course of banking activities requires the undertaking of various commitments and it incurs certain contingent liabilities that are not presented in the accompanying financial statements, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities at 30 June 2005 and 31 December 2004.

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 discontinued operations as at 30 June 2005 and 31 December 2004:

	30 June 2005	31 December 2004
Letters of guarantee		
- Foreign currency	680.771.000	749.457.000
- Turkish lira	492.594.000	474.715.000
Letters of credit	515.025.000	517.495.000
Acceptance credits	53.333.000	70.311.000
Other commitments and contingencies	78.469.000	95.124.000
	1.820.192.000	1.907.102.000
Less: Provision for credit related commitments	(21.218.000)	(17.880.000)
	1.798.974.000	1.889.222.000

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NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

b. Fiduciary activities:

The Subsidiary of the Group operating in banking sector 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 YTL 7.365.924.000 (31 December 2004: YTL 4.926.811.000).

c. Commitments under derivative financial instruments:

The breakdown of forward and spot currency purchase/sale transactions at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005				
	US\$	EURO	Other	YTL	Total
Forward currency purchases	549.522.000	73.817.000	46.358.000	120.560.000	790.257.000
Currency swap purchases	84.133.000	160.000	39.880.000	13.383.000	137.556.000
Interest rate swap purchases	99.825.000	-	-	-	99.825.000
Future purchases	25.932.000	8.566.000	118.597.000	-	153.095.000
Option purchases	181.221.000	20.902.000	891.000	110.603.000	313.617.000
Total	940.633.000	103.445.000	205.726.000	244.546.000	1.494.350.000
Forward currency sales	154.719.016	465.890.000	49.720.000	109.498.000	779.827.016
Currency swap sales	11.306.000	90.538.000	2.737.000	41.289.000	145.870.000
Interest rate swap sales	99.825.000	-	-	-	99.825.000
Future sales	11.214.000	8.566.000	133.312.000	-	153.092.000
Option sales	211.739.000	19.618.000	-	81.321.000	312.678.000
Total	488.803.016	584.612.000	185.769.000	232.108.000	1.491.292.016
Off-balance sheet derivative instruments net position	451.829.984	(481.167.000)	19.957.000	12.438.000	3.057.984
	31 December 2004				
	ABD\$	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
Total	330.836.000	65.304.000	29.394.000	118.945.000	544.479.000
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
Total	272.275.000	57.884.000	25.179.000	198.707.000	554.045.000
Off-balance sheet derivative instruments net position	58.561.000	7.420.000	4.215.000	(79.762.000)	(9.566.000)

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NOTE 32 - BUSINESS COMBINATIONS

Significant acquisitions and disposals of the Group for the six-month interim period ended 30 June 2005:

Acquisitions:

The Group acquired 1,05% of the shares of Kanal D for YTL 6.861.500 at 10 January 2005 and therefore goodwill amounting to YTL6.024.816 has emerged.

The Group acquired 10,5% of the shares of Ray Sigorta for YTL 3.400.550 at 29 June 2005. The resulting negative goodwill of YTL 902.240 is reflected in "Other Operating Income".

Disposals:

The shares of Doğan Yayın Holding, which has a share capital of YTL 552.000.000, corresponding to 0,23% of its share capital, have been sold on 7 February 2005 for an amount of YTL 4.987.527.

The shares of POAŞ, a Joint Venture of the Group, amounting to a nominal value of YTL 11.638.221 out of the total nominal share capital of YTL345.000.000 were sold to nine different foreign investors for a total consideration of YTL 52.371.995 over YTL 4.5 for a nominal value of YTL1 share in the Wholesale Market of ISE. Such sale resulted to a reduction in the ownership interest of the Group in POAŞ.

Significant acquisitions and disposals of the Group for the six-month interim period ended 30 June 2004:

Acquisitions:

The Group has acquired 66,41% of the shares of Doğan Dış Ticaret for YTL 20.180.047 and therefore goodwill amounting to YTL 10.791.007 has emerged.

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 YTL159.723.777 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 effective rate of Subsidiaries and Joint Ventures of Doğan Yayın. The total net assets sold amounted to YTL98.873.338 and accordingly, a gain of YTL60.850.439 has been reflected in "Other operating income" in the consolidated statement of income. Historical income earned as a result of share sales is decided to be added to the share capital of the Holding in accordance with the Corporation Tax Law temporary article No.28.

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NOTE 33 - SEGMENT REPORTING

a) External Revenues

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Media	735.500.878	404.760.686	611.838.616	336.589.216
Energy	2.266.968.565	1.270.502.263	2.126.391.370	1.129.892.092
Other	320.161.107	136.527.100	137.285.141	76.467.087
	3.322.630.550	1.811.790.049	2.875.515.127	1.542.948.395

b) Operating profit/(loss)

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Media	58.511.246	53.478.497	120.734.709	60.843.652
Energy	62.123.656	60.293.455	(17.326.188)	(66.276.623)
Other	(33.100.137)	4.854.462	(71.923.032)	(112.855.989)
	87.534.765	118.626.414	31.485.489	(118.288.960)

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NOTE 33 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the six month period between 1 January and 30 June 2005

	Finance	Media	Energy	Other	Inter segment elimination	Total
External revenues	-	735.500.878	2.266.968.565	320.161.107	-	3.322.630.550
Intra segment revenues	-	321.624.177	-	966.811	-	322.590.988
Inter segment revenues	-	3.575.785	1.547.741	138.152.087	-	143.275.613
Combined revenues	-	1.060.700.840	2.268.516.306	459.280.005	-	3.788.497.151
Combined cost of sales	-	(834.319.998)	(2.143.435.358)	(423.474.706)	-	(3.401.230.062)
Revenues	-	739.076.663	2.268.516.306	458.313.194	(143.275.613)	3.322.630.550
Cost of sales	-	(561.710.639)	(2.143.435.358)	(422.457.326)	121.398.669	(3.006.204.654)
Gross profit	-	177.366.024	125.080.948	35.855.868	(21.876.944)	316.425.896
Operating expenses	-	(125.048.128)	(57.603.018)	(46.824.845)	16.164.627	(213.311.364)
Other operating income/(expenses), net	-	(13.946.188)	12.889.467	(6.066.482)	(6.827.814)	(13.951.017)
Financial income/(expenses), net	-	8.937.339	(19.642.245)	11.398.994	(2.322.838)	(1.628.750)
Operating profit/(loss) before inter segment elimination	-	47.309.047	60.725.152	(5.636.465)	(14.862.969)	87.534.765
Profit elimination due to inter segment elimination	-	11.202.199	1.398.504	(27.463.672)	14.862.969	-
Operating profit/(loss) after inter segment elimination	-	58.511.246	62.123.656	(33.100.137)	-	87.534.765

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NOTE 33 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the three month period between 1 April and 30 June 2005

	Finance	Media	Energy	Other	Inter segment elimination	Total
External revenues	-	404.760.686	1.270.502.263	136.527.100	-	1.811.790.049
Intra segment revenues	-	149.067.243	-	145.407	-	149.212.650
Inter segment revenues	-	1.281.692	1.159.692	70.639.490	-	73.080.874
Combined revenues	-	555.109.621	1.271.661.955	207.311.997	-	2.034.083.573
Combined cost of sales	-	(411.763.821)	(1.192.841.439)	(187.748.364)	-	(1.792.353.624)
Revenues	-	406.042.378	1.271.661.955	207.166.590	(73.080.874)	1.811.790.049
Cost of sales	-	(288.774.810)	(1.192.841.439)	(187.013.732)	60.071.607	(1.608.558.374)
Gross profit	-	117.267.568	78.820.516	20.152.858	(13.009.267)	203.231.675
Operating expenses	-	(67.688.546)	(31.700.746)	(23.105.432)	8.823.665	(113.671.059)
Other operating income/(expenses), net	-	(11.695.425)	12.013.449	7.737.206	(6.606.129)	1.449.101
Financial income, net	-	10.443.927	180.037	18.464.425	(1.471.692)	27.616.697
Operating profit before inter segment elimination	-	48.327.524	59.313.256	23.249.057	(12.263.423)	118.626.414
Profit elimination due to inter segment elimination	-	5.150.973	980.199	(18.394.595)	12.263.423	-
Operating profit after inter segment elimination	-	53.478.497	60.293.455	4.854.462	-	118.626.414

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NOTE 33 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the six month period between 1 January and 30 June 2004

	Finance	Media	Energy	Other	Inter segment elimination	Total
External revenues	-	611.838.616	2.126.391.370	137.285.141	-	2.875.515.127
Intra segment revenues	-	318.763.107	-	2.131.192	-	320.894.299
Inter segment revenues	-	6.090.172	816.713	115.109.039	-	122.015.924
Combined revenues	-	936.691.895	2.127.208.083	254.525.372	-	3.318.425.350
Combined cost of sales	-	(742.485.770)	(2.008.222.060)	(212.931.236)	-	(2.963.639.066)
Revenues	-	617.928.788	2.127.208.083	252.394.180	(122.015.924)	2.875.515.127
Cost of sales	-	(450.126.973)	(2.008.222.060)	(212.059.533)	101.690.973	(2.568.717.593)
Gross profit	-	167.801.815	118.986.023	40.334.647	(20.324.951)	306.797.534
Operating expenses	-	(112.981.781)	(56.009.194)	(31.894.453)	12.664.512	(188.220.916)
Other operating income/(expenses), net	-	(13.816.977)	(21.617.051)	46.785.732	(5.370.541)	5.981.163
Financial expenses, net	-	(10.825.036)	(61.486.102)	(32.028.124)	11.266.970	(93.072.292)
Operating profit/(loss) before inter segment elimination	-	30.178.021	(20.126.324)	23.197.802	(1.764.010)	31.485.489
Profit elimination due to inter segment elimination	-	90.556.688	2.800.136	(95.120.834)	1.764.010	-
Operating profit/(loss) after inter segment elimination	-	120.734.709	(17.326.188)	(71.923.032)	-	31.485.489

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NOTE 33 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the three month period between 1 April and 30 June 2004

	Finance	Media	Energy	Other	Inter segment elimination	Total
External revenues	-	336.589.216	1.129.892.092	76.467.087	-	1.542.948.395
Intra segment revenues	-	177.038.476	-	1.308.962	-	178.347.438
Inter segment revenues	-	2.436.499	508.228	63.856.187	-	66.800.914
Combined revenues	-	516.064.191	1.130.400.320	141.632.236	-	1.788.096.747
Combined cost of sales	-	(396.233.222)	(1.067.917.850)	(119.456.335)	-	(1.583.607.407)
Revenues	-	339.025.715	1.130.400.320	140.323.274	(66.800.914)	1.542.948.395
Cost of sales	-	(235.343.820)	(1.067.917.851)	(119.717.018)	56.532.173	(1.366.446.516)
Gross profit	-	103.681.895	62.482.469	20.606.256	(10.268.741)	176.501.879
Operating expenses	-	(57.289.085)	(28.259.214)	(16.547.752)	5.208.148	(96.887.903)
Other operating expenses, net	-	(12.560.863)	(7.302.388)	(1.714.403)	(2.342.026)	(23.919.680)
Financial expenses, net	-	(23.600.055)	(93.703.566)	(68.599.023)	11.919.388	(173.983.256)
Operating profit/(loss) before inter segment elimination	-	10.231.892	(66.782.699)	(66.254.922)	4.516.769	(118.288.960)
Profit elimination due to inter segment elimination	-	50.611.760	506.076	(46.601.067)	(4.516.769)	-
Operating profit/(loss) after inter segment elimination	-	60.843.652	(66.276.623)	(112.855.989)	-	(118.288.960)

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NOTE 33 - SEGMENT REPORTING (Continued)

d) Segment assets employed

	30 June 2005	31 December 2004
<u>Total assets</u>		
Discontinued operations	7.649.055.587	8.721.689.122
Media	2.176.942.114	1.933.025.436
Energy	1.993.253.062	2.067.885.354
Other	4.339.620.532	4.183.171.134
Total combined	16.158.871.295	16.905.771.046
Less: Segment elimination	(4.378.610.278)	(5.160.340.290)
Total assets as per these consolidated financial statements	11.780.261.017	11.745.430.756
<u>Net assets</u>		
Discontinued operations	986.089.051	1.377.164.474
Media	1.361.430.160	1.325.128.384
Energy	906.213.595	952.384.982
Other	3.657.198.879	3.531.037.583
Total	6.910.931.685	7.185.715.423
Less: Segment elimination	(4.891.821.473)	(5.214.645.168)
Shareholders' equity	2.019.110.212	1.971.070.255
Minority interests	986.927.660	974.366.277
Total net assets as per these consolidated financial statements	3.006.037.872	2.945.436.532

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NOTE 33 - SEGMENT REPORTING (Continued)

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

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
<u>Capital expenditures</u>				
Discontinued operations	18.978.886	9.479.091	40.994.326	19.020.064
Media	46.065.842	20.351.888	32.991.277	18.059.851
Energy	20.280.537	12.411.837	16.667.591	12.357.901
Other	8.610.829	4.415.195	13.790.134	8.708.389
Total	93.936.094	46.658.011	104.443.328	58.146.205
<u>Depreciation and amortization charge</u>				
Discontinued operations	31.910.370	20.579.084	34.842.476	17.467.990
Media	52.960.701	26.254.523	52.682.652	26.300.644
Energy	17.438.932	9.001.476	16.934.825	8.482.724
Other	9.667.993	4.085.326	8.486.958	4.131.673
Total	111.977.996	59.920.409	112.946.911	56.383.031

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 2.6iii in these consolidated financial statements, are as follows on a combined basis:

	30 June 2005	31 December 2004
Current assets	691.029.447	637.047.452
Non-current assets	1.372.212.794	1.496.470.032
Total assets	2.063.242.241	2.133.517.484
Current liabilities	835.156.307	752.640.115
Non-current liabilities	297.450.519	399.046.535
Shareholders' equity	930.635.415	981.830.834
Total liabilities and shareholders' equity	2.063.242.241	2.133.517.484

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Revenues	2.316.451.717	1.305.943.656	2.050.444.849	1.040.431.010
Gross profit	134.931.055	86.210.569	120.189.476	62.332.991
Net income/(loss)	32.795.108	34.027.925	1.320.674	(51.467.931)

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NOTE 33 - SEGMENT REPORTING (Continued)

g) Minority interest

	30 June 2005			31 December 2004		
	Doğan family	Other	Total	Doğan family	Other	Total
Media	23.358.500	445.374.080	468.732.580	23.247.804	424.674.507	447.922.311
Discontinued operations	4.730.132	344.873.472	349.603.604	5.928.565	348.597.224	354.525.789
Energy	-	826.662	826.662	-	570.414	570.414
Other	51.141.210	116.623.604	167.764.814	51.229.794	120.117.969	171.347.763
	79.229.842	907.697.818	986.927.660	80.406.163	893.960.114	974.366.277

h) Non-cash expenses

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

	1 January - 30 June 2005				
	Finance	Media	Energy	Other	Total
Interest expense accrual	-	3.617.696	7.047.975	3.929.902	14.595.573
Impairment of intangible assets	-	258.389	-	-	258.389
Reserve for employment termination benefits	-	749.599	145.832	1.071.446	1.966.877
Provision for doubtful receivables	-	3.885.085	1.474.948	1.231.919	6.591.952
Provision for lawsuits	-	5.935.194	-	-	5.935.194
Provision for net realizable value	-	425.000	-	-	425.000
Provision for impairment of programme stocks	-	700.000	-	-	700.000
	-	15.570.963	8.668.755	6.233.267	30.472.985

	1 April - 30 June 2005				
	Finance	Media	Energy	Other	Total
Interest expense accrual	-	2.061.624	(290.803)	(690.636)	1.080.185
Impairment of intangible assets	-	42.896	-	-	42.896
Reserve for employment termination benefits	-	979.585	213.226	498.360	1.691.171
Provision for doubtful receivables	-	3.273.242	323.637	1.231.633	4.828.512
Provision for lawsuits	-	204.346	-	-	204.346
Provision for net realizable value	-	115.000	-	-	115.000
Provision for impairment of programme stocks	-	485.000	-	-	485.000
	-	7.161.693	246.060	1.039.357	8.447.110

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NOTE 33 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2004				
	Finance	Media	Energy	Other	Total
Amortization of goodwill	-	9.844.487	34.624.136	-	44.468.623
Interest expense accrual	-	13.711.086	20.561.449	5.070.079	39.342.614
Impairment of intangible assets	-	2.682.806	-	-	2.682.806
Reserve for employment termination benefits	-	2.054.121	1.137.979	327.162	3.519.262
Provision for doubtful receivables	-	1.922.044	3.227.070	10.192.543	15.341.657
Provision for lawsuits	-	4.928.792	-	-	4.928.792
Provision for net realizable value	-	995.887	-	794.413	1.790.300
Provision for impairment of programme stocks	-	209.194	-	-	209.194
	-	36.348.417	59.550.634	16.384.197	112.283.248

	1 April - 30 June 2004				
	Finance	Media	Energy	Other	Total
Amortization of goodwill	-	4.877.773	17.312.069	-	22.189.842
Interest expense accrual	-	10.914.894	13.780.677	(6.505.107)	18.190.464
Impairment of intangible assets	-	2.682.806	-	-	2.682.806
Reserve for employment termination benefits	-	839.702	179.000	72.060	1.090.762
Provision for doubtful receivables	-	976.215	2.434.355	830.836	4.241.406
Provision for lawsuits	-	4.905.469	-	-	4.905.469
Provision for net realizable value	-	101.887	-	-	101.887
Provision for impairment of programme stocks	-	(528.590)	-	-	(528.590)
	-	24.770.156	33.706.101	(5.602.211)	52.874.046

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NOTE 34 - SUBSEQUENT EVENTS

As explained in detail in Note 35, on 4 July 2005, the share sale agreement was signed between Fortisbank NV/SA (“Fortisbank”) and Doğan Holding, Dışbank, Mensupları Güvenlik Vakfı, Aydın Doğan, Arzuhan Yalçındağ, Vuslat Doğan Sabancı, Hanzade Doğan, Begümhan Doğan Faralyalı and İmre Barmanbek. The process of share transfer was concluded following the fulfillment of the preconditions stated in the agreement, namely the obtaining of the Banking Regulation and Supervision Agency, Capital Markets Board, Competition Board and Undersecretariat of Treasury permissions without any reservations, and therefore shares representing 89,34% of Dışbank’s paid-up capital, one of the Subsidiary of the Group classified within the discontinued operations, were sold to Fortis Bank.

In accordance with the share sale agreement dated 31 July 2002 related to the acquisition of POAŞ with the Privatisation Administration, the following payment amounts were deposited in the account of PA, as the third installment on 8 August 2005; principal of YTL 34.144.173 and interest of YTL 2.803.237 making a total of YTL 36.947.410. Accordingly, the Group has no liability in relation to the PA regarding the acquisition of 25.8% shares of POAŞ.

In accordance with the share sale agreement signed between Doğan Holding and Türkiye İş Bankası A.Ş. on 2 September 2005, the entire A/B Group shares with a face value of YTL 183.910.428,852 belonging to Türkiye İş Bankası and its affiliates (44,06% of POAŞ capital) was acquired by Doğan Holding for USD 616.000.000. USD 316.000.000 of total acquisition amount was paid on the same date and the remaining amount was divided into installments within the scope of the agreement. With the said shares acquired, the shareholding of the Group in POAŞ rose to 88,11% from 44,06%.

500.000 shares with a face value of TL 1.000 each, which the Group owns in Digital Hizmetler Pazarlama, where it has a shareholding of 50%, were sold to Pluton Televizyon ve Yayıncılık A.Ş., a member of Çukurova Holding, in consideration of USD 1.032.767 on 19 August 2005.

Popüler Televizyon ve Radyo Yayıncılık A.Ş., Doğa Televizyon ve Yayıncılık A.Ş. and Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş., in which Doğan TV, a Subsidiary of the Group, is the founding partner with a 99,99% share, were founded in August 2005 with YTL 50.000 share capital for each.

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NOTE 35 - DISCONTINUED OPERATIONS

In 2004, Doğan Holding decided to investigate various types of possibilities including joint venture, partnership and share transfer of Dışbank, due to the local and global developments in the banking sector Doğan Holding and some other international banks continued their studies in the first quarter of 2005, and as stated in the declaration of Doğan Holding dated 28 March 2005, Doğan Holding has requested those international banks to finalise their work and to put forward their bids. Following the evaluation of the relevant bids, a share sale agreement (“agreement”) was signed with Fortis Bank on 11 April 2005. Pursuant to this agreement;

- (1) 227.828.946.000 shares owned by Doğan Holding A.Ş representing 62,6% Dışbank’s total capital;
- (2) 36.157.000.000 shares owned by Türk Dış Ticaret Bankası Members Pension Fund Foundation representing 9,93% of Dışbank’s total capital;
- (3) 27.792.000.000 shares owned by Türk Dış Ticaret Bankası Pension Fund Foundation representing 7,64% of Dışbank’s share capital;
- (4) 14.557.760.000 shares owned by Aydın Doğan representing 4,0% of Dışbank’s total capital;
- (5) 4.645.800.000 shares owned by Arzuhan Yalçındağ representing 1,28% of Dışbank’s total capital;
- (6) 4.645.800.000 shares owned by Vuslat Doğan Sabancı representing 1,28% of Dışbank’s total capital;
- (7) 4.645.800.000 shares owned by Hanzade Doğan representing 1,28% of Dışbank’s total capital;
- (8) 4.645.800.000 shares owned by Begümhan Doğan Faralyalı representing 1,28% of Dışbank’s total capital;
- (9) 238.467.000 shares owned by İmre Barmanbek representing 0,06% of Dışbank’s total capital

(a total of 325,157,373,000 shares) were agreed to be transferred, on several preconditions and following the obtaining of the required permissions, and on the specific condition that shares in Ray Sigorta, owned by Dışbank, were sold to Doğan Holding.

The total purchase price of 325.157.373.000 shares, representing 89,34% of Dışbank’s capital, the entire shares of which are estimated to be worth EUR 985.000.000 were determined as EUR 880.025.533. Following the fulfilment of all the preconditions stated in the agreement, and the obtaining of the necessary permissions in accordance with the relevant legislation, the related shares were sold to Fortis Bank on 4 July 2005. The purchase price was adjusted for the differences in the consolidated equity figures of Dışbank at 31 December 2004 and 31 May 2005, and an additional payment in the amount of YTL1.878.000 was made.

On the grounds that criteria stated in IFRS 5, “Assets Held for Sale and Discontinued Operations”, were fulfilled as of the balance sheet date, Doğan Holding classified the finance sector where Dışbank and subsidiaries operate as discontinued operations as of 30 June 2005. Ray Sigorta, which does not operate in discontinued operations, was excluded from this category.

Due to the fact that the net book values of all assets and liabilities related to discontinued operations as of 30 June 2005 are lower than the amount to be acquired from the relevant sale transaction, there is no impairment which should be stated in these consolidated interim financial statements.

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NOTE 35 - DISCONTINUED OPERATIONS (Continued)

All assets and liabilities related to the discontinued operations were accounted for as a single item in the consolidated balance sheet dated 30 June 2005 as "Assets Related to Discontinued Operations" and "Liabilities Related to Discontinued Operations". The details of related items as of 30 June 2005 is as follows:

Current assets	30 June 2005
Cash and cash equivalents	970.658.000
Financial assets:	
- trading	313.616.000
- held-to-maturity	691.473.000
- available for sale	1.370.739.000
Derivative financial instruments	28.926.000
Originated loans	4.050.391.000
Other current assets	87.790.000
Total current assets	7.513.593.000
Non-current assets	
Trading securities	8.110.000
Property, plant and equipment, net	125.274.436
Intangible assets, net	13.349.000
Deferred tax assets	69.498.000
Total non-current assets	216.231.436
Total assets	7.729.824.436
Consolidation eliminations	(80.768.849)
Assets related to discontinued operations	7.649.055.587
Short term liabilities	
Borrowings	1.747.763.000
Deposits	4.622.430.000
Derivative financial instruments	26.903.000
Other short term payables	366.282.000
Provision for costs	10.638.000
Tax liabilities	6.255.000
Total short term liabilities	6.780.271.000
Long term liabilities	
Deferred tax liabilities	2.044.000
Total long term liabilities	2.044.000
Total liabilities	6.782.315.000
Consolidation eliminations	(119.348.464)
Liabilities related to discontinued operations	6.662.966.536

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NOTE 35 - DISCONTINUED OPERATIONS (Continued)

Results of the six-month periods ended 30 June 2005 and 2004 (2004 results are prepared for comparative purposes only) related to discontinued operations were accounted for as a single item in the consolidated statements of income with the titles "Net Income / (Loss) Related to Discontinued Operations". The details of related items as of 30 June 2005 and 2004 are as follows:

	30 June 2005	30 June 2004
Revenues		
Sales	612.877.000	508.250.535
Cost of sales	(517.877.000)	(508.625.494)
Operating profit/(loss)	95.000.000	(374.959)
Other expenses, net	(36.032.000)	(38.066.442)
Net monetary position loss	-	(45.796.972)
Income/(loss) related to discontinued operations before taxes on income and minority interests	58.968.000	(84.238.373)
Taxes on income	(8.171.331)	43.674.845
Minority interests	(37.000)	-
Net income/(loss)	50.759.669	(40.563.528)
Consolidation eliminations	29.823.543	1.764.022
Net income/(loss) related to discontinued operations	80.583.212	(38.799.506)

The summary of the statements of cash flow related to discontinued operations for the six month interim periods ended 30 June 2005 and 2004 is as follows:

	30 June 2005	30 June 2004
Net cash inflows/(outflows) from operating activities	24.497.000	(383.287.899)
Net cash inflows/(outflows) from investing activities	37.570.000	(330.013.405)
Net cash (outflows)/inflows from financing activities	(113.674.000)	317.699.370
Net decrease in cash and cash equivalents	(51.607.000)	(395.601.934)

NOTE 36 - OPERATING INCOME

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Net domestic sales	3.229.363.222	1.758.780.430	2.532.510.102	1.382.500.614
Net foreign sales	93.267.328	53.009.619	343.005.025	160.447.781
Net sales	3.322.630.550	1.811.790.049	2.875.515.127	1.542.948.395

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NOTE 37 - OPERATING EXPENSES

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
General administrative expenses	(131.296.988)	(84.253.444)	(73.802.481)	(44.150.967)
Selling, marketing and distribution expenses	(82.014.376)	(29.417.615)	(114.418.435)	(52.736.936)
Operating expenses	(213.311.364)	(113.671.059)	(188.220.916)	(96.887.903)

NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/LOSSES

Other operating income and expenses for the six-month interim periods ended 30 June 2005 and 2004 are as follows:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Other operating income:				
Automatic sales income	23.512.807	13.876.002	14.095.071	7.544.689
Service income	10.602.083	5.106.418	13.667.280	9.129.073
Building administration income	4.476.822	1.731.912	-	-
Commission income	5.803.301	3.196.467	2.736.396	1.460.687
Rent income	4.242.828	2.141.369	6.090.216	3.197.747
Ship operating services income	5.447.375	5.176.884	7.794.115	3.756.746
Gain on sales of Subsidiaries	-	-	60.850.439	-
Other operating income	19.096.383	14.636.824	13.168.471	8.327.246
	73.181.599	45.865.876	118.401.988	33.416.188

Other operating expenses:

(Loss)/gain from sales of Subsidiary and Joint Venture - net	(14.627.276)	515.530	-	-
Automatic sales expenses	(23.444.114)	(13.774.543)	(14.049.418)	(7.718.520)
Provision for lawsuits	(5.935.194)	(204.346)	(4.928.792)	(4.905.469)
Transport expenses	(7.226.689)	(3.542.702)	(8.340.084)	(4.808.657)
Provision for doubtful receivables	(6.591.952)	(4.828.512)	(15.341.657)	(4.241.406)
Ship operating services expenses	(3.326.865)	(1.836.204)	(5.450.078)	(2.133.918)
Loss from sales of property, plant and equipment	(3.401.997)	(2.495.859)	-	-
Commission expenses	(344.659)	(224.750)	(2.772.470)	(135.548)
Amortisation of goodwill	-	-	(44.468.623)	(22.189.842)
Other operating expenses	(22.233.870)	(18.025.389)	(17.069.703)	(11.202.508)
	(87.132.616)	(44.416.775)	(112.420.825)	(57.335.868)

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NOTE 39 - FINANCIAL EXPENSES

Financial income and expenses for the six-month interim periods ended 30 June 2005 and 2004 are as follows:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Financial income:				
Interest income on banks deposits	22.944.442	7.155.524	25.870.328	16.037.310
Interest income on trading and investment securities	14.167.289	7.969.191	8.615.946	6.326.020
Amortized cost valuation income	10.537.247	5.003.172	7.414.577	857.133
Due date difference on credit sales	1.232.631	49.558	4.228.728	2.691.395
Foreign exchange gain, net	16.364.996	28.015.172	-	(19.671.299)
Other interest and commission	1.691.156	555.356	690.319	368.258
Financial income	66.937.761	48.747.973	46.819.898	6.608.817
Financial expenses:				
Interest expense on short-term and long-term borrowings	(59.104.478)	(17.574.316)	(64.267.070)	(40.900.579)
Foreign exchange losses, net	-	-	(69.525.152)	(135.417.186)
Due date difference on credit purchases	(564.597)	(112.906)	(2.100.973)	(2.216.012)
Other	(8.897.436)	(3.444.054)	(3.998.995)	(2.058.296)
Financial expenses	(68.566.511)	(21.131.276)	(139.892.190)	(180.592.073)
Financial income/(expenses), net	(1.628.750)	27.616.697	(93.072.292)	(173.983.256)

NOTE 40 - NET MONETARY POSITION GAIN/(LOSSES)

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required (Note 2). Since the Group did not apply inflation accounting effective from 1 January 2005 in line with CMB Accounting Standards, there is no monetary gain/loss for the six-month period ended 30 June 2005.

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Net monetary position loss	-	-	75.886.182	7.681.042

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NOTE 41 - TAXES ON INCOME

	30 June 2005	31 December 2004
Corporation and income taxes currently payable (Note 23)	21.579.411	19.196.257
Deferred tax assets – net (Note 14)	(39.576.176)	(145.543.385)
Total	(17.996.765)	(126.347.128)

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 rate of the fiscal year 2005 is 30%. Corporation tax is payable at a rate of 30% on the total income of the companies after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. Corporate taxpayers are obliged to prepare the opening balance sheets restated for inflation at 31 December 2003.

The Group classified the statutory goodwill arising from the legal mergers in POAŞ and Doğan Gazetecilik as a balancing account, which are neither assets nor liabilities in nature and did not apply inflation accounting in accordance with the Circular No.17 on Tax Procedural Law, related to inflation adjustment application dated 24 March 2005. In this context, it was assessed that the impact in reference to the statutory goodwill was a tax-deductible item.

In the Tax Procedural Law circulars No.18 and 19 dated 19 April 2005 and 15 July 2005, it has been announced that no inflation accounting application is required for the first and second quarters of 2005 for advance corporation tax.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 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 used to set off 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 as of 31 December 2004. However, this arrangement has been added to Corporation Tax Law article 8 as permanent exception with 5281 numbered law dating from 1 January 2005.

According to this, profit of corporations’ participation share and property sales which has taken part in assets at least for two years –dependent on corporation capital addition commitment in definite conditions- will be exempted from Corporation Tax. The two year commitment will not be required when debtors of the banks and their guarantors transfer their property and participation shares as a compensation for the debt.

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NOTE 41 - TAXES ON INCOME (Continued)

On the other hand, in parallel with the change in corporation Tax Law, Value Added Tax exception previously regulated in Value Added Tax Law temporary Article 10 and applied in parallel with exemption in Corporation Tax is amended and property sale and Value Added Tax exemption application has become permanent.

Capital expenditures, with some exceptions, over YTL 10.000 (2004:YTL 6.000) 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.

Provision for taxes for the six month interim periods ended with 30 June 2005 and 2004 are summarised as follows:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Current	(23.666.025)	(15.023.924)	(22.990.661)	(9.774.930)
Deferred	(23.418.101)	(33.655.334)	(16.806.178)	28.202.178
Taxes on income	(47.084.126)	(48.679.258)	(39.796.839)	18.427.248

NOTE 42 - EARNING PER SHARE

Earnings/(Loss) per share based on share groups is as follows:

	1 January - 30 June 2005	1 April - 30 June 2005	1 January - 30 June 2004	1 April - 30 June 2004
Net income/(loss) related to continuing operations	13.374.507	42.217.379	64.701.359	(83.484.244)
Net income/(loss) related to discontinued operations	70.297.003	57.031.537	2.404.193	(8.285.776)
Weighted average number of shares with face value of YTL1 each	735.288.208	735.288.208	735.288.208	735.288.208
Earning/(loss) per share (YTL)	0,11	0,13	0,09	(0,12)
- continuing operations	0,02	0,06	0,08	(0,11)
- discontinued operations	0,09	0,07	0,01	(0,01)

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NOTE 43 - STATEMENTS OF CASH FLOW

	Notes	30 June 2005 USD (*)	30 June 2005	30 June 2004
Cash flows from operating activities				
Net income before taxation and minority interest		131.459.262	176.326.308	24.897.320
Adjustments to reconcile net income before tax to net cash from operating activities:				
Cash used in operations		(149.307.382)	(200.265.992)	(389.406.349)
Finance segment interest received		340.678.635	456.952.253	427.730.039
Finance segment interest paid		(163.354.318)	(219.107.147)	(308.543.466)
Taxes paid		(15.985.752)	(21.441.689)	(35.137.888)
Net cash from/(used in) operating activities		143.490.445	192.463.733	(280.460.344)
Cash flows from investing activities:				
Purchase of property, plant and equipment	19	(58.640.596)	(78.654.632)	(83.895.177)
Purchase of investment property	18	(336.432)	(451.256)	(6.863.040)
Purchase of intangible assets	20	(11.056.591)	(14.830.206)	(13.685.111)
Proceeds from sale of property, plant and equipment and other non-current assets		5.251.386	7.043.684	11.979.256
Increase in available-for-sale and held-to-maturity investments		(22.122.486)	(29.672.890)	(195.556.084)
Change in other non-current assets and liabilities		533.204	715.186	(77.396.910)
Acquisition of subsidiaries		(9.556.324)	(12.817.898)	(9.718.739)
Proceeds from disposal of Subsidiaries and Joint Ventures	32	42.764.126	57.359.522	159.723.777
Non-finance segment interest received		36.443.457	48.881.609	(51.909.722)
Net effect of change in minority interests	24	(7.514.575)	(10.079.300)	-
Inflation effect on investing activities		-	-	(106.833.219)
Net cash used in investing activities		(24.234.831)	(32.506.181)	(374.154.969)
Cash flows from financing activities:				
Proceeds of issuance of share capital to minority interests		1.125.773	1.509.999	-
Dividends paid to minority interests	24	(3.724.876)	(4.996.176)	(26.844.476)
Net increase in short-term borrowings		36.698.862	49.224.183	408.588.365
Net decrease in long-term borrowings		(200.922.798)	(269.497.749)	(251.648.455)
Net decrease in long-term trade payables		(7.168.609)	(9.615.255)	(1.584.772)
Non-finance segment interest paid		(40.603.468)	(54.461.432)	(60.485.193)
Inflation effect on financing activities		-	-	229.173.583
Net cash (used in)/from financing activities		(214.595.116)	(287.836.430)	297.199.052
Net decrease in cash and cash equivalents		(95.339.502)	(127.878.878)	(357.416.261)
Inflation effect on cash and cash equivalents		-	-	(73.084.240)
Cash and cash equivalents at the beginning of year	4	550.004.455	737.720.975	1.034.448.435
Cash and cash equivalents at the end of the period related to discontinued operations		(367.808.097)	(493.341.000)	-
Cash and cash equivalents at the end of the period	4	86.856.856	116.501.097	603.947.934

Cash and cash equivalents amounting to YTL 10.709.666 (31 December 2004: YTL 218.349.161, 30 June 2004: YTL 16.593.838) are unavailable for use at 30 June 2005 (Note 4).

(*) As explained in the Note 2.4 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 generally accepted accounting standards issued by the CMB as at 30 June 2005.

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NOTE 43 - STATEMENTS OF CASH FLOW (Continued)

Cash used in operations

	30 June 2005	30 June 2004
Adjustments for:		
Depreciation and amortisation (Notes 18, 19 and 20)	111.977.996	157.415.534
Reserve for employment termination benefits	3.173.761	1.110.576
Net interest income	(218.255.503)	(158.522.273)
Translation reserve	1.332.802	(2.846.513)
(Loss)/profit from the sales of property, plant and equipment	(2.729.862)	1.675.513
Valuation difference of derivative financial instruments	6.978.448	1.944.512
Provision for loan losses, net	34.444.352	20.855.599
Gain/(loss) on sales of Subsidiaries and Joint Ventures, net (Note 38)	14.627.276	(60.850.439)
Other provisions	(16.040.627)	13.396.389
Unrealized loss on investments	53.388.000	130.980.598
Impairment on property plant and equipment and intangible assets (Notes 19 and 20)	33.350.344	2.682.806
Inflation effect on non-operating activities and income taxes	-	(49.256.124)
	22.246.987	58.586.178
Change in finance-segment working capital (excluding the effects of acquisitions and disposals):		
(Increase)/decrease in trading, available-for-sale and held-to-maturity investments, net	(2.041.808)	316.955.323
Decrease/(increase) in placements with banks, net	233.086.284	(50.667.731)
Increase in bank borrowings, net	(546.175.527)	(914.216.333)
Increase in banking and customer deposits, net	87.020.428	200.721.528
(Decrease)/increase in trade payables and due to related parties, net	(15.510.661)	15.604.937
(Decrease)/increase in insurance technical reserve, net	(27.288.616)	11.648.624
Change in other current assets/liabilities, net	99.748.833	15.059.656
	(171.161.067)	(404.893.996)
Changes in non-finance-segment working capital (excluding the effects of acquisitions and disposals):		
Decrease/(increase) in trading, available-for-sale and held-to-maturity investments, net	3.109.336	(25.826.979)
Increase in bank deposits, net	24.629.388	-
Decrease in trade receivables and due from related parties, net	(124.609.597)	(52.025.149)
Increase in inventories, net	(35.640.281)	(30.843.876)
Increase in trade payables and due to related parties, net	90.410.104	62.039.490
Increase in insurance technical reserve, net	17.299.298	-
Increase in advances received, net	26.238.626	-
Change in other payables/receivables, net	(45.379.828)	-
Change in other current assets/liabilities, net	(7.408.958)	3.557.983
	(51.351.912)	(43.098.531)
Cash used in operations	(200.265.992)	(389.406.349)
Reconciliation of the net (loss)/income before taxation and minority interest in consolidated statements of cash flow:		
Consolidated income before taxes and minority interest	87.534.765	107.371.671
Net income/(loss) related to discontinued operations - (Note 35)	80.583.212	(38.799.506)
Less: Taxes on income and minority interest related to discontinued operations- (Note 35)	8.208.331	(43.674.845)
	176.326.308	24.897.320

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NOTE 44 - DISCLOSURE OF OTHER MATTERS

These financial statements are prepared and presented in accordance with the accounting and reporting principles issued by the CMB(Note 2), which differ from IFRS mainly with respect to the application of inflation accounting, presentation of the basic financial statements and the notes to them. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in the financial position and cash flows in accordance with IFRS.

NOTE 45 - ORIGINATED LOANS

	31 December 2004
Short-term originated loans	2.864.985.006
Long-term originated loans	486.974.450
	3.351.959.456
Corporate and commercial loans:	
Commercial and industrial loans	1.448.180.547
Export loans	998.613.000
Investment loans	120.156.241
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	21.590.000
Factoring receivables	90.519.727
Total corporate and commercial loans	2.679.059.515
Retail:	
Credit cards	350.346.000
Other consumer loans	215.464.066
Total retail loans	565.810.066
	3.244.869.581
Loans under legal follow-up	161.787.846
Other impaired loans	93.250.265
Total impaired loans	255.038.111
Total gross loans and advances	3.499.907.692
Less: Provision for loan losses	(147.948.236)
Net loans and advances to customers	3.351.959.456

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% per annum for foreign currency loans and 18% and 25% per annum for Turkish lira loans.

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NOTE 45 - ORIGINATED LOANS (Continued)

Subsequent to the issuance of financial statements of Dışbank at 31 December 2004, classified as discontinued operations, adjustments have been made to the provision for loan losses related to the credit cards. The effect of these adjustments pertaining to 2004 financial year were reflected to the consolidated financial statements by reductions in the 2005 openings discontinued operations' originated loans, minority interests and retained earnings amounting to YTL 38.500.000, YTL 10.079.300 and YTL 16.870.700 respectively and an increase in 2005 opening discontinued operations' deferred tax assets respectively amounting to YTL 11.550.000.

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

	31 December 2004	
	YTL	%
Consumer loans	565.810.000	17
Textiles	381.622.060	12
Wholesale and retail trade	312.403.283	9
Construction and cement	259.009.427	9
Financial institutions	229.225.935	7
Food and beverage	205.568.925	6
Metal processing	155.388.000	5
Media	143.903.042	4
Medicine, chemicals and dyes	115.885.743	4
Non-metal mine processing	113.798.802	3
Machinery and equipment	109.071.000	3
Automotive	102.913.134	3
Other production	99.545.000	3
Tourism	92.450.881	3
Durable goods	56.884.328	2
Agriculture	49.316.397	1
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	21.590.000	1
Oil and gas	11.069.204	1
Other	219.414.420	7
	3.244.869.581	100

NOTE 46 - DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional amount	Fair values	
		Assets	Liabilities
31 December 2004			
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	141.527.000	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)
Total derivative assets/(liabilities)	1.422.524.000	22.346.175	(13.344.723)

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.

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NOTE 47 - BANKING AND CUSTOMER DEPOSITS

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

	31 December 2004		
	Short-term	Long-term	Total
Bank deposits	485.734.000	21.170.000	506.904.000
Customer deposits	3.892.438.582	23.404.000	3.915.842.582
	4.378.172.582	44.574.000	4.422.746.582
	31 December 2004		
	Demand/Current	Long-Term	Total
Foreign currency:			
Domestic banks	396.000	-	396.000
Foreign banks	30.109.000	5.651.000	35.760.000
Funds deposited under repurchase agreements	-	90.066.000	90.066.000
	30.505.000	95.717.000	126.222.000
Turkish lira:			
Domestic banks	48.000	3.755.000	3.803.000
Foreign banks	146.000	56.879.000	57.025.000
Funds deposited under repurchase agreements	-	319.854.000	319.854.000
	194.000	380.488.000	380.682.000
Total bank deposits	30.699.000	476.205.000	506.904.000

At 31 December 2004, interest rates for foreign currency time deposits are between 2,68% and 3,75%, and interest rates for local currency time deposits are between 21,5% and 23%.

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

	31 December 2004		
	Short-term	Long-term	Total
Foreign currency:			
Saving deposits	156.915.464	929.311.000	1.086.226.464
Commercial deposits	268.349.746	654.702.982	923.052.728
	425.265.210	1.584.013.982	2.009.279.192
Turkish lira:			
Saving deposits	77.267.000	1.207.434.000	1.284.701.000
Commercial deposits	168.607.062	417.005.449	585.612.511
Securities deposited under repurchase agreements	-	36.249.879	36.249.879
	245.874.062	1.660.689.328	1.906.563.390
Total customer deposits	671.139.272	3.244.703.310	3.915.842.582

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NOTE 47 - BANKING AND CUSTOMER DEPOSITS (Continued)

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

	31 December 2004
Demand	701.838.272
1-30 days	2.772.702.310
31-90 days	430.584.000
91 days - 1 year	473.048.000
Over 1 year	44.574.000
	4.422.746.582

At 31 December 2004, interest rates for foreign currency time deposits are between 2,5% and 6,75%, and interest rates for local currency time deposits are between 17% and 29,5%.

NOTE 48 - INSURANCE TECHNICAL RESERVES

	30 June 2005	31 December 2004
Unearned premiums reserve - net of reinsurance	61.700.609	48.034.537
Claim provisions - net of reinsurance	28.848.524	27.268.137
Deferred commission income	6.448.734	5.056.435
Insurance technical reserves - current	96.997.867	80.359.109
Life assurance provision	-	26.628.076
Insurance technical reserves - non-current	-	26.628.076