

dođan řirketler grubu
holding a.ř.

consolidated **financial**
statements

at 31 december 2000 together with
independent auditor's report

AUDITOR'S REPORT

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

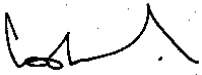
1. We have audited the accompanying consolidated balance sheet of Doğan Şirketler Grubu Holding A.Ş. ("the Holding") at 31 December 2000 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish lira as of 31 December 2000. These consolidated financial statements are the responsibility of the Holding's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We did not audit the financial statements of one Joint Venture, İş Doğan Petrol Yatırımları A.Ş., the financial statements of which reflect total assets of TL 613,895 billion (15% of total assets before consolidation adjustments) at 31 December 2000, and total net income of TL 4,046 billion (2% of total net income before consolidation adjustments) for the year ended 31 December 2000. These statements were audited by other auditors, whose respective report thereon was made available to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Joint Venture, is based solely on the respective report of other auditors.
3. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of Doğan Şirketler Grubu Holding A.Ş. at 31 December 2000 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Accounting Standards.

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

5. The consolidated financial statements include the accounts of the Parent Company, its Subsidiaries and Joint Ventures (Note 3). Subsidiaries are companies in which the Holding has power to control the financial and operating policies for the benefit of the Holding through the exercise of voting power relating to shares held by the Holding and its Subsidiaries together with voting power which the Holding effectively exercises relating to shares held by Doğan family members (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 the Holding and its Subsidiaries (through the "control basis") and one or more other parties. In effect the Doğan family members allow the Holding to exercise the voting power in respect of their shares held in these companies. In the consolidated financial statements, the shares held by Doğan family members are treated as outside interests.
6. As explained in Note 35 to the consolidated financial statements, on 22 February 2001, due to the turmoil in the Turkish financial sector, the Turkish government concluded that the managed exchange rate was no longer sustainable. The crawling-peg system, which had limited the depreciation of the local currency, was then abandoned in favour of a free-floating exchange rate. The Turkish lira has depreciated in excess of 85% when compared to the exchange rates prevailing at 31 December 2000 and the prevailing interest rates are high at the date of this report. There is uncertainty as to the effects of the ongoing volatility in the financial markets on the financial condition of the Holding and its future operations and cash flows.
7. As explained in Note 2(b) to the consolidated financial statements, US dollar (US\$) amounts shown in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements and are translated from Turkish lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 671,765=US\$ 1.00 for purchases of US\$ on 31 December 2000. Such translations should not be construed as a representation that the TL amounts have been or could be converted into US\$ at this or any other rate. As explained in paragraph 6 above, the Turkish lira has depreciated significantly in the subsequent period to the year end. The official exchange rate at 4 July 2001 was TL 1,269,895=US\$ 1.00.

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

Coşkun Şen, SMMM



İstanbul, 4 July 2001

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

(Amounts translated into U.S. dollars for convenience purposes only (See note 2 (b)))

	Notes	2000 US\$'000	2000 TL millions	1999 TL millions
ASSETS				
Current assets				
Cash and amounts due from banks	6	1,214,772	816,041,246	535,324,937
Marketable securities	7	651,797	437,854,355	622,549,295
Reserve deposits with the Central Bank of Turkey	8	58,336	39,187,912	35,254,425
Banking loans - current	9	572,989	384,914,063	280,962,899
Trade receivables	10	381,948	256,579,261	134,935,511
Due from related parties	11	58,423	39,246,682	22,750,478
Inventories	12	119,185	80,064,241	32,788,426
Other current assets	13	205,633	138,136,807	85,118,996
Total current assets		3,263,083	2,192,024,567	1,749,684,967
Non-current assets				
Investments and associates	14	15,551	10,446,872	24,769,914
Property, plant and equipment - net	15	550,135	369,561,406	258,485,775
Intangible assets - net	16	588,869	395,581,297	51,384,780
Other non-current assets		16,700	11,218,403	2,685,664
Total non-current assets		1,171,255	786,807,978	337,326,133
Total assets		4,434,338	2,978,832,545	2,087,011,100

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

(Amounts translated into U.S. dollars for convenience purposes only (See note 2 (b))

	Notes	2000 US\$'000	2000 TL millions	1999 TL millions
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Short-term bank borrowings	17	913,498	613,655,716	586,487,451
Banking deposits	18	345,320	231,973,925	208,497,668
Customer deposits	18	924,620	621,127,434	471,066,702
Trade payables	19	215,178	144,548,846	57,559,561
Due to related parties	11	30,866	20,734,389	32,875,482
Insurance technical reserves - current	20	27,468	18,452,232	16,945,788
Other current liabilities	21	201,336	135,250,165	98,830,152
Taxes on income	24	53,836	36,165,250	4,957,474
Total current liabilities		2,712,122	1,821,907,957	1,477,220,278
Non-current liabilities				
Long-term bank borrowings	17	648,196	435,435,150	61,646,304
Debt securities in issue	22	92,228	61,955,462	-
Reserve for employment termination benefits	25	27,367	18,384,294	4,261,217
Insurance technical reserves - non-current	20	3,956	2,657,622	1,641,256
Other non-current liabilities	23	3,882	2,607,822	5,122,882
Deferred tax liabilities - net	24	18,147	12,190,478	69,621,681
Total non-current liabilities		793,776	533,230,828	142,293,340
Total liabilities		3,505,898	2,355,138,785	1,619,513,618
Minority interest				
Minority interest - Doğan family members	5g	26,625	17,884,955	10,376,333
- Other	5g	475,068	319,135,336	204,327,370
Minority interest	5g	501,693	337,020,291	214,703,703
Shareholders' equity				
Share capital	26	138,596	93,103,920	66,502,800
Adjustment to share capital	26	164,026	110,187,087	114,270,172
Share premium		1,665	1,118,755	1,118,755
Translation reserve		(4,242)	(2,849,926)	-
Retained earnings	27	126,702	85,113,633	70,902,052
Total shareholders' equity		426,747	286,673,469	252,793,779
Total liabilities and shareholders' equity		4,434,338	2,978,832,545	2,087,011,100
Commitments and contingent liabilities	34			

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

(Amounts translated into U.S. dollars for convenience purposes only (See note 2 (b)))

	Notes	2000 US\$'000	2000 TL millions	1999 TL millions
Revenues:				
Non-banking and financial services	5c	1,693,329	1,137,518,976	544,182,738
Banking and financial services	5c	851,739	572,168,268	707,032,847
		2,545,068	1,709,687,244	1,251,215,585
Operating expenses:				
Non-banking and financial services	5c	(1,653,201)	(1,110,562,548)	(500,924,385)
Banking and financial services	5c	(690,565)	(463,897,315)	(530,761,971)
		(2,343,766)	(1,574,459,863)	(1,031,686,356)
Operating profit:				
Non-banking and financial services	5c	40,128	26,956,428	43,258,353
Banking and financial services	5c	161,174	108,270,953	176,270,876
		201,302	135,227,381	219,529,229
Financial income/(expense) - net	29	(97,153)	(65,264,268)	2,291,189
Other income - net		36,663	24,628,909	4,919,231
Income from investments and associates		2,598	1,745,030	(675,000)
Amortisation expense for goodwill	16	(26,322)	(17,682,385)	(12,259,301)
Income before loss on net monetary position, taxation on income and minority interest		117,088	78,654,667	213,805,348
Loss on net monetary position		(942)	(632,913)	(68,622,614)
Income before taxation on income and minority interest		116,146	78,021,754	145,182,734
Taxation on income	24	4,659	3,129,792	(59,490,275)
Profit after tax and loss on net monetary position		120,805	81,151,546	85,692,459
Extraordinary item	30	-	-	(3,462,141)
Income before minority interest		120,805	81,151,546	82,230,318
Minority interest - Doğan family members		7,952	5,341,640	(114,074)
Other		(67,592)	(45,406,032)	(28,746,974)
Net income		61,165	41,087,154	53,369,270
Weighted average number (000's) of shares with face value of TL10,000 value each	4	9,310,392	9,310,392	9,310,392
Basic and diluted earnings per share in full US\$ and in TL	4	0.0066	4,413	5,732

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

(Amounts translated into U.S. dollars for convenience purposes only (See note 2 (b))

	Notes	2000 US\$'000	2000 TL millions	1999 TL millions
Net income before taxation and minority interest		116,146	78,021,754	145,182,734
Adjustments to reconcile net income to net cash provided by operating activities:				
Cash generated from operations	28	(210,364)	(141,315,325)	(340,416,679)
Finance segment interest received		731,715	491,541,248	619,953,940
Finance segment interest paid		(348,788)	(234,303,873)	(201,403,308)
Taxes paid		(78,715)	(52,877,838)	(40,861,102)
Net cash from operating activities		209,994	141,065,966	182,455,585
Investing activities:				
Purchase of property, plant and equipment		(218,971)	(147,097,387)	(82,530,564)
Purchase of intangible assets	16	(11,430)	(7,678,243)	(8,064,294)
Purchase of other investments		21,652	14,544,928	(5,661,149)
Proceeds from sale of property, plant, equipment and investment		53,032	35,625,110	4,379,300
Change in other non-current assets and liabilities		(16,048)	(10,780,455)	(11,950,779)
Acquisition of subsidiaries, net off cash acquired	33	(611,505)	(410,787,860)	(8,840,575)
Non-finance segment interest received		64,866	43,574,647	65,952,788
Net effect of changes in minority shares	5	92,790	62,333,227	-
Net cash used in investing activities		(625,614)	(420,266,033)	(46,715,273)
Financing activities:				
Proceeds of issuance of share capital to minority interests	5	80,443	54,039,747	38,097,972
Dividends paid to minority interests	5	(50,793)	(34,120,778)	(45,900,131)
Net increase in short-term borrowings	17	40,443	27,168,265	239,978,906
Net increase in long-term borrowings		529,862	355,942,822	(84,739,298)
Proceeds from debt securities in issue	22	92,228	61,955,462	-
Non-finance segment interest paid		(78,755)	(52,904,569)	(76,461,164)
Effect of changes in shareholding structure		(6,487)	(4,357,538)	-
Net cash provided by financing activities		606,941	407,723,411	70,976,285
Net (decrease)/increase in cash and cash equivalents		191,321	128,523,344	206,716,597
Cash and cash equivalents at the beginning of year	4	1,080,946	726,142,288	519,425,691
Cash and cash equivalents at the end of year		1,272,267	854,665,632	726,142,288

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

	Share capital TL millions	Adjustment to share capital TL millions	Share premium TL millions	Translation reserve TL millions	General and legal reserves TL millions	Retained earnings		Shareholders' equity TL millions
						Unappropriated profit TL millions	Total TL millions	
Balance at 1 January 1999	41,564,250	124,746,670	1,118,755	-	(33,661,575)	65,656,409	31,994,834	199,424,509
Transfers	-	-	-	-	65,656,409	(65,656,409)	-	-
Dividends	6,234,638	4,289,154	-	-	(10,523,792)	-	(10,523,792)	-
Increase in share capital	18,703,912	(14,765,652)	-	-	(3,938,260)	-	(3,938,260)	-
Net income for the year	-	-	-	-	-	53,369,270	53,369,270	53,369,270
Balance at 31 December 1999	66,502,800	114,270,172	1,118,755	-	17,532,782	53,369,270	70,902,052	252,793,779
Disposal of subsidiaries	-	-	-	-	(3,460,111)	-	(3,460,111)	(3,460,111)
Decrease in retained earnings due to additional subsidiaries consolidated during the year	-	-	-	-	(897,427)	-	(897,427)	(897,427)
Currency translation differences	-	-	-	(2,849,926)	-	-	-	(2,849,926)
Transfers	-	-	-	-	53,369,270	(53,369,270)	-	-
Dividends	13,300,560	577,704	-	-	(13,878,264)	-	(13,878,264)	-
Increase in share capital	13,300,560	(4,660,789)	-	-	(8,639,771)	-	(8,639,771)	-
Net income for the year	-	-	-	-	-	41,087,154	41,087,154	41,087,154
Balance at 31 December 2000	93,103,920	110,187,087	1,118,755	(2,849,926)	44,026,479	41,087,154	85,113,633	286,673,469

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding" or "the Holding") was established on 22 October 1980 as a corporation to coordinate the activities of and liaise between companies operating in different fields including trade, media, finance and tourism, and is registered in Turkey. Doğan Holding is owned by members of Doğan family, Adilbey Holding A.Ş. (which is also owned by Doğan family members) and Aydın Doğan Vakfı as defined in Note 26. The address of the registered office is as follows:

Oymacı Sokak No: 51
81190 Altunizade-İstanbul

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

Name	Nature of business	Segment
Türk Dış Ticaret Bankası A.Ş. ("Dışbank")	Banking	Finance
Dış Ticaret Factoring A.Ş. ("Dış Factoring")	Factoring	Finance
Dış Ticaret Finansal Kiralama A.Ş. ("Dış Leasing")	Leasing	Finance
Dış Yatırım A.Ş. ("Dış Yatırım")	Brokerage and fund management	Finance
Dışbank Holding Malta Limited ("Dışbank Malta")	Holding	Finance
Dışbank Netherland N.V. ("Dışbank Netherland") (1)	Banking	Finance
Kıbrıs Dış Ticaret Bankası Offshore Ltd. ("Dışbank Kıbrıs")	Banking	Finance
Ray Sigorta A.Ş. ("Ray Sigorta")	Insurance	Finance
Doğan Hayat Sigorta A.Ş. ("Doğan Hayat")	Insurance	Finance
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Publishing	Media
Milliyet Gazetecilik A.Ş. ("Milliyet")	Publishing	Media
Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Distribution	Media
Dyg İlan ve Reklam Hizmetleri A.Ş. ("Dyg İlan")	Advertisement	Media
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Printing	Media
Doğan Raks Satış Pazarlama ve Dağıtım A.Ş. ("Doğan Raks")	Retail	Media
Gerçek Yayıncılık A.Ş. ("Gerçek Yayıncılık")	Publishing	Media
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık")	Publishing	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	News Agency	Media
Doğan Basım ve Dağıtım İşleri A.Ş. ("Doğan Basım")	Printing	Media
Simge Yayıncılık ve Dağıtım A.Ş. ("Simge")	Distribution	Media
Milliyet Haber Ajansı A.Ş. ("Milliyet Haber")	News Agency	Media
Hürriyet TV Film Prodüksiyon ve Haber Ajansı A.Ş. ("Hürriyet TV")	Visual Production	Media
Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş. ("Mesiar")	Insurance Agency	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trading	Trade
Hürriyet Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Hürriyet Pazarlama")	Trading	Trade
Milanur İnşaat Pazarlama Turizm Sanayi ve Ticaret Limited Şirketi ("Milanur")	Construction	Trade
Doğan Otomobilcilik Ticaret ve Sanayi A.Ş. ("Doğan Oto")	Trading	Trade
Doğan Yayın Holding A.Ş. ("Doğan Yayın")	Holding	Other
Çelik Halat ve Tel Sanayi A.Ş. ("Çelik Halat")	Production	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Tourism	Other
İsedaş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("İsedaş")	Energy	Other
Milta Milliyet Seyahat Acenta İşletmeciliği A.Ş. ("Milta Acenta")	Tourism	Other
Karada Turizm İşletmeleri A.Ş. ("Karada")	Tourism	Other
Doğan Prodüksiyon ve Ticaret A.Ş. ("Doğan Prodüksiyon")	Visual Production	Media
ANS Uluslararası Yapım Yayın Reklamcılık A.Ş. ("ANS")	Visual Production	Media
Doğan İletişim Elektronik Servis Hizmetleri A.Ş. ("Doğan Online")	Internet	Media
Doğan Media International GmbH ("DMG")	Distribution	Media

(1) Dışbank Netherland N.V. was established in 1999, but operations commenced in 2000. Therefore Dışbank Netherland N.V. was carried at cost at 31 December 1999, but was consolidated at 31 December 2000.

The number of employees of the Holding at 31 December 2000 is 15,626 (1999: 10,812).

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

All the Subsidiaries are registered in Turkey except for Dışbank Malta in Malta, Dışbank Nederland N.V. in the Netherlands, Dışbank Kıbrıs in Turkish Republic of Northern Cyprus and DMG in Germany. However, sales and purchases of the group are principally made in Turkey and no geographic segmental information is considered necessary.

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

Name	Nature of business	Segment	Joint Venture Partner
Doğan Burda Rizolli Dergi Yayıncılık ve Pazarlama A.Ş. ("Hürgüç") (1)	Press	Media	Burda GmbH
Doğan ve Egmont Yayıncılık A.Ş. ("Doğan Egmont")	Publishing	Media	Egmont
Ultra Kablolü Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablo")	Telecommunication	Media	Koç Holding A.Ş.
İş Doğan Petrol Yatırımları A.Ş. ("İş Doğan")	Distribution of petroleum products	Energy	T. İş Bankası A.Ş.

(1) Ad Yayıncılık A.Ş. ("Ad Yayıncılık") was acquired by Doğan Burda Rizolli Dergi Yayıncılık ve Pazarlama A.Ş. in 1999.

İş Doğan acquired 51% of the issued share capital of Petrol Ofisi A.Ş. ("POAŞ") at the tender held on 3 March 2000 (Note 33).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Turkish lira financial statements

Doğan Holding and its Subsidiaries and Joint Ventures maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in Turkish lira in accordance with the Turkish Commercial Code (the "TCC"), tax legislation, and starting from 1 January 1994, the uniform chart of accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law for banks; and for listed Subsidiaries only, accounting principles issued by the Turkish Capital Market Board ("CMB Principles"). The accompanying consolidated financial statements are based on the statutory records, which are maintained under the historical cost convention (except for the revaluation of property, plant and equipment as discussed in Note 15), with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with International Accounting Standards ("IAS"). The accompanying consolidated financial statements are prepared in accordance with and comply with International Accounting Standards.

The restatement for the changes in the general purchasing power of the Turkish lira as of 31 December 2000 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms.

One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Such indices and conversion factors used to restate the accompanying consolidated financial statements as of 31 December 2000 and 1999 are given below:

Dates	Index	Conversion factors
31 December 2000	2,626.0	1.000
31 December 1999	1,979.5	1.327

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

The main procedures for the above mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant (monthly, yearly average, year end) conversion factors. Additions to property, plant and equipment in the year of acquisition are restated using the relevant conversion factors.
- Comparative financial statements are restated using general inflation indices at the currency purchasing power at the latest balance sheet date.
- All items in the statements of income are restated by applying the relevant (monthly, yearly average, year end) conversion factors.
- The effect of inflation on Doğan Holding's, the Subsidiaries' and Joint Ventures' net monetary position is included in the statements of income as monetary gain or loss.

b) US dollar convenience translation

US dollar ("US\$") amounts shown in the accompanying consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish lira ("TL"), as a matter of arithmetic computation only, at the official TL exchange rate for purchases of US dollars announced by the Central Bank of Turkey on 31 December 2000 of TL 671,765 = US\$ 1. Such translation should not be construed as a representation that the TL amounts have been or could be converted into US\$ at this or any other rate. As further explained in Note 35, the Turkish lira has depreciated significantly in the subsequent period to the year end. The official exchange rate at 4 July 2001 was TL 1,269,895 = US\$ 1.00.

c) Translation of foreign subsidiary financial statements

The assets and liabilities of foreign subsidiaries are translated into Turkish lira using the relevant foreign exchange rates prevailing at the balance sheet date. The income and expense items are translated into Turkish lira using average exchange rates. Exchange differences arising from using closing and average exchange rates are included in the shareholders' equity as translation reserve.

NOTE 3 - BASIS OF CONSOLIDATION

- a) The consolidated financial statements include the accounts of the parent company, Doğan Holding, its Subsidiaries and its Joint Ventures ("the Group") on the basis set out in sections (b), (c) and (d) below. Regarding the financial statements of Doğan Holding and Doğan Yayın, reporting dates of these companies are different from the ones included in the consolidation. For the consolidation purposes, Doğan Holding and Doğan Yayın have prepared financial statements as the same date as the financial statements of the companies included in the consolidation which has been prepared as of the date of the consolidated financial statements. The financial statements of the companies included in the consolidation are based on the statutory records, which are maintained under the historical cost convention (except for the revaluation of property, plant and equipment as discussed in Note 15), with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, and applying uniform presentation.
- b) Subsidiaries are companies in which Doğan Holding has power to control the financial and operating policies for the benefit of Doğan Holding either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by certain Doğan family members and companies whereby Doğan Holding exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them; or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

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

Name	Direct and indirect control by Doğan Holding and its Subsidiaries (%)		Control through shares held by Doğan family members (%)		Total controlling interest (%)		Total effective interest (%)	
	2000	1999	2000	1999	2000	1999	2000	1999
Dışbank	65.00%	65.00%	0.00%	0.00%	65.00%	65.00%	60.80%	61.40%
Dış Factoring	100.00%	99.30%	0.00%	0.70%	100.00%	100.00%	59.71%	72.89%
Dış Leasing	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	60.80%	61.43%
Dış Yatırım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	60.80%	61.39%
Dışbank Malta	100.00%	88.00%	0.00%	0.00%	100.00%	88.00%	62.91%	68.31%
Dışbank Niderland	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	60.80%	61.39%
Dışbank Kıbrıs	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	60.80%	60.80%
Ray Sigorta	66.15%	60.51%	0.00%	0.00%	66.15%	60.51%	41.31%	50.05%
Doğan Hayat	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	78.96%	81.23%
Hürriyet	66.63%	66.63%	0.00%	0.00%	66.63%	66.63%	51.02%	51.02%
Milliyet	74.47%	74.47%	0.67%	0.67%	75.14%	75.14%	62.76%	62.76%
Yaysat	75.00%	75.00%	0.00%	0.00%	75.00%	75.00%	51.04%	48.45%
Dyg İlan	99.98%	94.98%	0.00%	0.00%	99.98%	94.98%	62.83%	63.21%
Doğan Ofset	99.77%	99.78%	0.00%	0.00%	99.77%	99.78%	62.38%	61.97%
Doğan Raks	91.76%	81.23%	0.00%	0.00%	91.76%	81.23%	68.90%	61.17%
Gerçek Yayıncılık	99.94%	99.94%	0.04%	0.05%	99.98%	99.99%	50.99%	50.99%
Doğan Kitapçılık	99.90%	99.90%	0.10%	0.00%	100.00%	99.90%	64.00%	64.00%
Doğan Haber (1)	42.58%	31.25%	0.00%	0.00%	42.58%	31.25%	28.47%	19.81%
Doğan Basım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.02%	51.02%
Simge	42.80%	-	57.20%	-	100.00%	-	28.73%	-
Milliyet Haber	100.00%	56.00%	0.00%	0.00%	100.00%	56.00%	53.76%	53.92%
Hürriyet TV	99.92%	99.92%	0.00%	0.00%	99.92%	99.92%	50.98%	50.98%
Mesiar	92.00%	92.00%	0.00%	0.00%	92.00%	92.00%	49.93%	47.66%
Milpa	65.00%	70.00%	0.50%	0.50%	65.50%	70.50%	65.00%	70.00%
Hürriyet Pazarlama	45.00%	45.00%	55.00%	55.00%	100.00%	100.00%	22.96%	22.96%
Milanur	50.00%	50.00%	50.00%	0.00%	100.00%	50.00%	32.50%	35.00%
Doğan Oto	95.00%	95.00%	5.00%	5.00%	100.00%	100.00%	95.00%	95.00%
Doğan Yayın	76.57%	76.57%	3.37%	7.43%	78.96%	84.00%	76.57%	76.57%
Çelik Halat	58.44%	47.18%	4.00%	4.00%	62.44%	51.18%	54.52%	42.06%
Ditaş Doğan	50.93%	50.93%	0.00%	0.00%	50.93%	50.93%	39.91%	41.48%
Milta Turizm	93.00%	93.00%	5.00%	5.00%	98.00%	98.00%	93.00%	93.00%
İsedaş (1)	40.00%	40.00%	5.00%	5.00%	45.00%	45.00%	40.00%	40.00%
Milta Acenta	94.00%	94.00%	6.00%	6.00%	100.00%	100.00%	87.42%	87.42%
Karada	51.00%	82.43%	46.93%	0.00%	97.93%	82.43%	25.72%	76.66%
Doğan Prodüksiyon	96.00%	-	0.00%	-	96.00%	-	61.21%	-
ANS	70.00%	-	0.00%	-	70.00%	-	53.60%	-
Doğan Online	60.00%	-	40.00%	-	100.00%	-	45.94%	-
DMG	98.00%	-	2.00%	-	100.00%	-	67.37%	-
Doğan Bilgi Teknolojileri A.Ş. ("Doğan Bilgi") (2)	-	95.00%	-	3.75%	-	98.75%	-	95.00%
Posta Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Posta") (2)	-	80.00%	-	20.00%	-	100.00%	-	66.30%
Zigana Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Zigana") (2)	-	65.00%	-	5.00%	-	70.00%	-	65.00%

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

- (1) The controlling interest in these subsidiaries is less than 50%; however Doğan Holding exercises a dominant influence and power to govern the financial and operating policies of these companies.
- (2) Subsidiaries over which Doğan Holding has controlling interest of more than 50% have not been consolidated on the ground of materiality, since the results of these companies have an insignificant impact on the consolidated net worth, financial position and results of the Group.

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.

- c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Doğan Holding and one or more other parties. Doğan Holding exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by certain Doğan family members and companies whereby Doğan Holding exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them. Joint Ventures are consolidated using the proportionate consolidation method, i.e. by consolidating the Group's share of assets, liabilities, income and expenditure of each Joint Venture on a line-by-line basis (Note 5).

The table below sets out the Joint Ventures and shows their shareholding structure at 31 December:

Name	Direct and indirect control by Doğan Holding and its Subsidiaries (%)		Control through shares held by Doğan family members (%)		Total controlling interest (%)		Total effective interest (%)	
	2000	1999	2000	1999	2000	1999	2000	1999
Doğan Burda Rizolli	40.72	54.48	2.02	10.40	42.74	64.88	31.18	41.17
Doğan Egmont	50.00	50.00	-	-	50.00	50.00	38.29	38.29
Ultra Kablo	50.00	33.33	-	-	50.00	33.33	38.29	17.00
İş Doğan	48.00	-	2.00	-	50.00	-	47.61	-

- d) Associates are companies, not being subsidiaries or joint ventures, in which Doğan Holding and its Subsidiaries (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) have controlling interests of between 20% and 50% of the ordinary share capital held for the long-term and over which Doğan Holding exercises a significant influence. In effect Doğan family members allow Doğan Holding to exercise the voting power in respect of their shares held in these companies. Associates are accounted for using the equity method of accounting in respect of Doğan Holding and its Subsidiaries' attributable share.

Simge, which was an Associate of the Group at 31 December 1999, has been considered as a subsidiary at 31 December 2000, due to a change in shareholding structure.

- e) The investments, in which the Group together with Doğan family members, have controlling interests below 20%, or over which the Holding does not exercise a significant influence, are carried at cost and restated to the equivalent purchasing power at 31 December 2000 less any provision for diminution in value (Note 14).

The investments in which the Group together with Doğan family members, have attributable interests of 20% or more, which are either immaterial, or where a significant influence is not exercised by Doğan Holding, are carried at cost and restated to the equivalent purchasing power at 31 December 2000. These companies have not been equity accounted for due to the insignificance of their combined impact on the net worth, financial position and results of Doğan Holding (Note 14).

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

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

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

NOTE 4 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Holding. The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are summarised below:

Related parties

For the purpose of the accompanying 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, investments and joint venture partners are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business. These transactions were priced predominantly at market rates (Note 11).

Marketable securities

In the finance segment, investment securities include debt and equity securities which management intends to hold until maturity and are stated at cost as adjusted for the amortisation of premiums or discounts on purchases over the period to maturity. Interest earned on investment securities, including gains from equity securities for which the bank holds option contracts, are reported as interest income. The gains from equity securities represent the difference between the purchase price of the equities and the strike price of the related put and call options and are amortised to income over the life of the option contract on a straight-line basis. Investment securities include securities sold under repurchase agreements. Dealing securities are stated at fair value based on quoted market prices. All gains and losses realised and unrealised from trading in dealing securities are reported in net trading income. Interest earned with holding dealing securities is reported as interest income.

Other marketable securities in other segments are also stated at the lower of cost or market value (Note 7).

In the finance segment securities sold under sale and repurchase agreements ("repos") are retained in the financial statements and the counterparty liability is included in deposits from banks or customers as appropriate. Securities purchased under agreements to resell ("reverse repos") are recorded as placement with other banks. The difference between sale and repurchase price is treated as interest and accrued evenly over the life of the repo agreements.

Marketable securities, where original maturity at the time of purchase is less than three months, are considered as cash equivalents for the purposes of the statements of cash flows.

Provision for loan losses and for doubtful receivables

Banking

A specific credit risk provision for loan impairment is established for the Subsidiaries in the finance segment to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. The level of the provision is based on the internal regulations of the banks which requires a classification to loans under follow-up and a full provision for the outstanding balance of the loan if the payment of interest is overdue for more than thirty days.

A general provision for loan impairment is established to cover losses that are judged to be present in the leading portfolio at the balance sheet date, but which have not been specifically identified as such. The provision for loan impairment is based on an analysis of internal credit gradings allocated to borrowers, refined to reflect the economic climate in the markets in which the Subsidiaries in the finance segment operates.

The movement in provision is charged against the income for the year. When a loan is deemed uncollectable, it is written off against the related provision for impairment. The loan is written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Subsequent recoveries are credited to the income statement if previously written off.

Foreign currency indexed loans are recognised at their initial Turkish lira values and subsequent foreign currency gains calculated on such loans are included in interest income on loans in the income statement.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

Other

The provision for other doubtful receivables is based on management's evaluation of the receivable, including such factors as the volume and type of receivable outstanding, collateral obtained, past experience and economic conditions (Note 10).

Inventory valuation

Inventories are valued at the lower of cost or net realisable value, restated to equivalent purchasing power at 31 December 2000. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. Cost of inventories is determined on the weighted average basis (Note 12). Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property, plant and equipment and related depreciation

Property, plant and equipment are initially carried at cost less accumulated depreciation, in each case restated to equivalent purchasing power at 31 December 2000. Land and buildings of POAŞ, the subsidiary of İş Doğan, are shown at fair value based on valuations by external independent valuers, less subsequent depreciation. Depreciation is provided on the restated amounts for property, plant and equipment on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

Gains or losses on disposals of property, plant and equipment with respect to their restated amounts are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Leases

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

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

Intangible assets

Intangible assets comprise acquired intellectual property, trademarks and other identified rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated economic lives for a period not exceeding 10 years from date of acquisition (Note 16).

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.

Under this method the Group is required to make provision for deferred income taxes on the restatement of certain assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. The principal temporary differences arise from the restatement of property, plant and equipment and inventory over their historical cost, accrued income, provision for employment termination benefits, provision for promotion campaigns and tax losses carried forward. Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 24).

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.

Leases - the Group as lessor

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. The net investment in finance leases represents total minimum lease payments less gross earnings allocated to future periods, and is included in other current assets. Income from finance leases is credited to the statement of income using the actuarial after tax method and sum of the digits method to give a periodic rate of return on the net cash investment.

Employment termination benefits

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

Computer software development costs

Generally, costs associated with developing computer software programs are recognised as expense as incurred. However, expenditure that enhances and extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives but not exceeding a period of five years, or over the period of the lease if less than five years.

Foreign currency transactions

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the consolidated statements of income.

Goodwill

Goodwill represents the difference between the acquisition price and the attributable share of the Group in the fair value of the underlying net assets of the acquired company. The fair value of property, plant and equipment of POAŞ was assessed as of 15 December 2000 by P&D Gayrimenkul Danışmanları in association with Healey&Baker and is assumed to have had the same fair value as at date of acquisition on 21 July 2000. Goodwill is amortised using the straight-line method over the estimated useful life of 5 to 20 years and is included in intangible assets (Notes 16 and 33).

Revenue recognition

Finance

Banking

Interest income is recorded on an accrual basis. Interest is suspended where due but not received on loans and advances in arrears where, in the opinion of management, recovery is doubtful. The amounts suspended, less recoveries of amounts suspended in prior years, are excluded from interest receivable on loans and advances.

Commission income and fees for various banking services are recorded as income at the date when the transactions to which they relate are effected.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

Insurance

A provision for unearned premiums is set up in respect of in-force policies for which the premium period extends beyond the accounting period. Unearned premiums are determined from premiums written during the year, less reinsurance, on the basis that premiums are written on the middle day of each month (Note 20).

Life:

Premium income represents premiums accrued on policies issued during the year, as adjusted by the reserve for unearned premiums for annual life policies.

Non-Life:

Premium income represents premiums on policies written during the year, net of taxes and cancellations, as adjusted by the reserve for unearned premiums.

Other

Sales are recognised on an accrual basis at the time deliveries or acceptances are made, at the invoiced values for Subsidiaries operating in the media, trading and other segments. Net sales represent the invoiced value of goods shipped less sales returns and commission, and excluding sales taxes. Interest income is recognised as it accrues, taking into account the effective yield on the asset, unless collectibility is in doubt.

Insurance reserves

Life assurance provision

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

Claims and claim provisions

Non-life insurance claims are recorded in the period in which they occur, based on reported claims or on the basis of estimates when not reported. Differences between estimates at the end of successive accounting periods are recognised in claims expenses for the periods in which these differences are identified.

Full provision is made for outstanding claims, including claim settlements, reported at the year end. Incurred but not reported ("IBNR") claims are included under claim provisions.

Capital increases

Pro-rata capital increases to existing shareholders are accounted for at par value as approved.

Research and development costs

Research and development costs are recognised and expensed in the income statement in the period in which they are incurred.

Expense accrual for promotion materials

Expense accrual for promotion materials includes the purchase cost and the value added tax of the promotion materials related to ongoing campaigns.

Dividends

Dividends receivable are recognised as income in the period when they are declared and dividends payable are recognised as an appropriation of profit in the period in which they are declared.

Barter agreements

Purchases related to barter agreements are recorded at purchase date and revenue is recorded at the time of publication.

Investment grants

The Group has right to exercise investment grants when the investment incentive certificate is approved by the related authorities. The Group does not reflect these investment grants in the statutory financial statements but only has right to deduct the amounts approved from the project costs from the corporate tax base subject to fulfilling the requirements regarding completion of the investment (Note 32).

Forward foreign exchange contracts

Forward foreign exchange contracts which are entered into hedges against foreign currency loans and borrowings, are treated as spot exchange contracts and are recorded rate at the date of the contract; discounts or premiums are recognised in the statement of income over the life of the contract.

Cash and cash equivalents

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

Analysis of cash and cash equivalents included in the consolidated statements of cash flows for the years ended 31 December are as follows:

	2000	1999
	TL millions	TL millions
Cash and cash equivalents:		
Cash and amounts due from banks	816,041,246	535,324,937
Marketable securities, where original maturity is less than three months	38,624,386	190,817,351
	854,665,632	726,142,288

Financial instruments and financial risk management

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

Foreign exchange risk

Foreign currency denominated assets and liabilities together with purchase and sale commitments in the banking sector give rise to foreign exchange exposure. Open exchange exposures are hedged with derivative financial instruments which primarily include forward foreign exchange contracts. All forward contracts hedging foreign exchange risk have a duration of less than a year.

Interest rate risk

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

Funding risk

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and 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 and their dispersion across many different industries.

Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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

Monetary Assets

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

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, deposits with banks, and marketable securities plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

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

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values. The fair value of marketable securities which has been determined by reference to market value, approximates to carrying value.

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. Trading liabilities, derivatives and foreign exchange instruments, have been estimated at their fair values.

Long-term borrowings which, in principle at variable rates, are denominated in foreign currencies are translated at year-end exchange rates and accordingly their fair values approximate their carrying values. The carrying values of long-term borrowings in Turkish lira along with the related accrued interest is estimated to be their fair values.

Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income are determined by dividing net profit by the weighted average number of shares in existence 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 and revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year. Bonus shares issued during the year were as follows:

**Number of shares issued attributable
to transfers to share capital from:**

Year	Retained earnings	Revaluation surplus	Total
2000	1,481,720,200	1,178,391,800	2,660,112,000
1999	918,099,262	1,575,755,700	2,493,854,962

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

Minority Interests

Minority interest represent the minority shareholders' share in the net assets and results of the year for subsidiaries and is separately classified in the consolidated balance sheets and statements of income. Minority interest attributable to Doğan family members have been identified as separately disclosed.

Comparatives

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

Change in accounting estimate

For the periods ending prior to 1 January 2000, the subsidiary dealing in non-life insurance business, accounted for an equalisation provision against earthquake risks derived from the portion of net retained fire and engineering premiums. If an equalisation provision would have been provided on the same basis of the prior year's provision, the net income for the year would decrease by TL 347,270 million.

NOTE 5 - SEGMENTAL INFORMATION

a) External revenues

	2000 TL millions	1999 TL millions
Finance	572,168,268	707,032,847
Media	432,415,815	397,036,477
Trade	86,708,928	108,729,109
Energy	575,686,173	-
Other	42,708,060	38,417,152
	1,709,687,244	1,251,215,585

b) Operating profit

	2000 TL millions	1999 TL millions
Finance	108,270,953	176,270,876
Media	16,878,445	42,046,125
Trade	(8,635,250)	10,198,794
Energy	26,206,427	-
Other	(7,493,194)	(8,986,566)
	135,227,381	219,529,229

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

c) Segmental analysis for the year ended 31 December 2000

	Finance TL millions	Media TL millions	Trade TL millions	Energy TL millions	Other TL millions	Inter segment Elimination TL millions	Total TL millions
External revenues	572,168,268	432,415,815	86,708,928	575,686,173	42,708,060	-	1,709,687,244
Intra segment revenues	9,438,028	174,404,420	6,763	-	543,387	-	184,392,598
Inter segment revenues	1,403,653	7,468,792	14,815,984	195,221	5,293,364	-	29,177,014
Combined revenues	583,009,949	614,289,027	101,531,675	575,881,394	48,544,811	-	1,923,256,856
External revenues	572,168,268	432,415,815	86,708,928	575,686,173	42,708,060	-	1,709,687,244
Inter segment revenues	1,403,653	7,468,792	14,815,984	195,221	5,293,364	(29,177,014)	-
Revenues	573,571,921	439,884,607	101,524,912	575,881,394	48,001,424	(29,177,014)	1,709,687,244
Cost of sales	(351,539,411)	(313,033,074)	(89,922,330)	(539,928,725)	(33,445,439)	29,177,014	(1,298,691,965)
Gross profit	222,032,510	126,851,533	11,602,582	35,952,669	14,555,985	-	410,995,279
Administrative expenses	(114,693,600)	(44,924,724)	(6,659,980)	(9,349,162)	(14,868,328)	-	(190,495,794)
Selling and distribution expenses	-	(83,434,240)	(4,426,044)	(243,482)	(2,774,754)	-	(90,878,520)
Profit elimination	932,043	18,385,876	(9,151,808)	(153,598)	(4,406,097)	-	5,606,416
Operating profit/(loss)	108,270,953	16,878,445	(8,635,250)	26,206,427	(7,493,194)	-	135,227,381

Segmental analysis for the year ended 31 December 1999

	Finance		Media		Trade		Energy		Other		Inter segment		Total	
	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions	TL millions
External revenues	707,032,847	397,036,477	108,729,109	-	-	38,417,152	-	-	-	-	-	-	1,251,215,585	
Intra segment revenues	6,218,485	188,030,599	2,511	-	-	276,560	-	-	-	-	-	-	194,528,155	
Inter segment revenues	3,051,337	4,588,801	13,667,121	-	-	3,903,558	-	-	-	-	-	-	25,210,817	
Combined revenues	716,302,669	589,655,877	122,398,741	-	-	42,597,270	-	-	-	-	-	-	1,470,954,557	
External revenues	707,032,847	397,036,477	108,729,109	-	-	38,417,152	-	-	-	-	-	-	1,251,215,585	
Inter segment revenues	3,051,337	4,588,801	13,667,121	-	-	3,903,558	-	-	-	-	(25,210,817)	-	-	
Revenues	710,084,184	401,625,278	122,396,230	-	-	42,320,710	-	-	-	-	(25,210,817)	-	1,251,215,585	
Cost of sales	(447,685,547)	(250,150,769)	(90,305,251)	-	-	(28,564,713)	-	-	-	-	25,210,817	-	(791,495,463)	
Gross profit	262,398,637	151,474,509	32,090,979	-	-	13,755,997	-	-	-	-	-	-	459,720,122	
Administrative expenses	(84,086,705)	(35,074,214)	(8,355,202)	-	-	(17,632,463)	-	-	-	-	-	-	(145,148,584)	
Selling and distribution expenses	-	(86,734,663)	(3,998,463)	-	-	(2,329,265)	-	-	-	-	-	-	(93,062,391)	
Profit elimination	(2,041,056)	12,380,493	(9,538,520)	-	-	(2,780,835)	-	-	-	-	-	-	(1,979,918)	
Operating profit/(loss)	176,270,876	42,046,125	10,198,794	-	-	(8,986,566)	-	-	-	-	-	-	219,529,229	

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

d) Segment assets employed

	2000 TL millions	1999 TL millions
Total assets		
Finance	1,779,716,971	1,539,051,716
Media	469,248,493	390,599,504
Trade	142,359,593	142,226,307
Energy	601,065,476	-
Other	886,117,952	597,375,273
Total combined	3,878,508,485	2,669,252,800
Less: segment elimination	(899,675,940)	(582,241,700)
Total assets as per these accompanying consolidated financial statements	2,978,832,545	2,087,011,100
Net assets		
Finance	279,735,288	210,409,368
Media	234,840,665	218,429,415
Trade	72,950,751	68,459,663
Energy	237,494,967	-
Other	590,671,452	489,513,168
Total combined	1,415,693,123	986,811,614
Less: segment elimination	(1,129,019,654)	(734,017,835)
Shareholders' equity	286,673,469	252,793,779
Minority interest	337,020,291	214,703,703
Total net assets as per these accompanying consolidated financial statements	623,693,760	467,497,482

e) Capital expenditures and depreciation

	2000 TL millions	1999 TL millions
Capital expenditures		
Finance	26,507,005	20,318,830
Media	68,286,530	42,755,653
Trade	1,999,264	697,755
Energy	2,828,447	-
Other	3,600,826	8,716,700
	103,222,072	72,488,938
Depreciation charge		
Finance	11,002,432	6,609,446
Media	28,110,189	16,858,453
Trade	1,575,732	3,463,408
Energy	667,705	-
Other	3,412,049	5,822,506
	44,768,107	32,753,813

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 3c in the accompanying consolidated financial statements, are as follows on a combined basis:

	2000 TL millions	1999 TL millions
Current assets	179,662,047	4,507,778
Non-current assets	435,171,167	7,230,243
Total assets	614,833,214	11,738,021
Current liabilities	139,961,935	3,542,917
Non-current liabilities	295,032,692	1,123,793
Shareholders' equity	179,838,587	7,071,311
Total liabilities and shareholders' equity	614,833,214	11,738,021
Revenues	589,196,724	14,116,556
Gross profit	28,265,704	2,660,850
Net income	4,876,801	1,653,803

g) Minority interest

	2000			1999		
	Doğan family members TL millions	Other TL millions	Total TL millions	Doğan family members TL millions	Other TL millions	Total TL millions
Media	1,670,213	71,010,310	72,680,523	(13,257)	73,572,535	73,559,278
Finance	10,108	116,257,177	116,267,285	-	71,127,294	71,127,294
Trade	1,441,350	21,841,682	23,283,032	453,878	19,092,621	19,546,499
Energy	-	64,860,622	64,860,622	-	-	-
Other	14,763,284	45,165,545	59,928,829	9,935,712	40,534,920	50,470,632
	17,884,955	319,135,336	337,020,291	10,376,333	204,327,370	214,703,703

Changes in minority interest during 2000 and 1999 are as follows:

	1 January TL millions	Increase in share capital TL millions	Translation reserve TL millions	Increase in minority interest due to additional subsidiaries consolidated during the year	Acquisition of new subsidiaries' shares TL millions	Payments of dividends TL millions	Net income for the year TL millions	31 December TL millions
2000	214,703,703	54,039,747	(1,630,558)	5,762,799	58,200,986	(34,120,778)	40,064,392	337,020,291
1999	193,644,814	38,097,972	-	-	-	(45,900,131)	28,861,048	214,703,703

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

NOTE 6 - CASH AND AMOUNTS DUE FROM BANKS

The analysis of cash and amounts due from banks at 31 December 2000 and 1999 are as follows:

	2000			1999		
	Banking TL millions	Other TL millions	Total TL millions	Banking TL millions	Other TL millions	Total TL millions
Cash in hand	6,731,829	1,221,722	7,953,551	8,133,677	610,996	8,744,673
Banks- demand deposits	15,019,346	19,418,892	34,438,238	22,578,675	7,931,081	30,509,756
- time deposits	3,079,595	77,795,896	80,875,491	7,575,299	45,606,056	53,181,355
- repurchase agreements with banks	169,513,284	39,937,418	209,450,702	150,341,555	20,255,418	170,596,973
Placements with banks	315,175,951	-	315,175,951	222,180,543	-	222,180,543
Margin calls with foreign banks	106,404,427	-	106,404,427	-	-	-
Interbank money market placements	30,529,840	-	30,529,840	46,164,939	-	46,164,939
Loans and advances to other banks	1,682,108	-	1,682,108	1,596,223	-	1,596,223
Cheques	527,872	1,604,214	2,132,086	914,696	616,938	1,531,634
Blocked bank accounts	-	27,398,852	27,398,852	-	818,841	818,841
	648,664,252	167,376,994	816,041,246	459,485,607	75,839,330	535,324,937

Time deposits are all short-term maturing within one year. At 31 December 2000, interest rates for local currency time deposit are between 32% and 140% (1999: 46%-118%) and interest rates for foreign currency time deposits are between 7% and 22% (1999: 7%-17%).

Repurchase agreements with banks consist of Turkish government bonds and treasury bills held for resale to banks under reverse repurchase agreements. These are all short-term with periods of less than three months. Interest rates on reverse repurchase agreements ranged between 50-242% in 2000 (1999: 58-180%). The market values of such securities approximated carrying values, including accrued income at the respective year ends.

Interest rates for placements with other banks ranged between 81% and 250% for local currency placements (1999: 61%-150%) and 7% and 26% (1999: -) for foreign currency placements.

All Interbank money market placements are denominated in foreign currency and related interest rates are between 11% and 45% per annum during 2000 (1999: 6%-9%).

As discussed in Note 32, margin call deposits with foreign banks relate mainly to swap agreements signed with certain counterparties.

At 31 December 2000, Subsidiaries in insurance sector deposits investments amounting to TL 5,402,539 million (1999: TL 818,841 million) in a blocked account with a state bank in favor of the Undersecretariat of Treasury as required by Insurance Supervisory Law No: 7397. At 31 December 2000, the remaining blocked bank accounts amounting to TL 21,996,313 million (1999: -) are blocked to collateralise borrowings.

NOTE 7 - MARKETABLE SECURITIES

The breakdown of marketable securities at 31 December 2000 and 1999 were as follows:

	2000			1999		
	Banking TL millions	Other TL millions	Total TL millions	Banking TL millions	Other TL millions	Total TL millions
Government bonds	218,442,554	141,820	218,584,374	268,988,039	3,862,343	272,850,382
US treasury bills	67,424,526	-	67,424,526	-	-	-
Eurobonds	55,347,126	-	55,347,126	10,145,050	-	10,145,050
Bundes obligations	48,628,084	-	48,628,084	-	-	-
Equity stock - foreign currency	12,060,396	3,757,663	15,818,059	266,127,370	63,192,843	329,320,213
Mutual funds	11,585,042	444,570	12,029,612	-	214,049	214,049
Treasury bills	10,637,677	6,360,522	16,998,199	7,395,903	101,985	7,497,888
Equity stock - TL	-	2,817,410	2,817,410	-	1,396,425	1,396,425
Blocked marketable securities	-	206,965	206,965	-	1,125,288	1,125,288
	424,125,405	13,728,950	437,854,355	552,656,362	69,892,933	622,549,295

The purchase cost of the equity stocks was US\$ 22,959,183 (equivalent of TL 15,442,516 million) (1999: US\$ 404,686,127 or equivalent of TL 290,042,612 million) and they were funded by borrowings from various financial institutions. As at 31 December 2000, the Group holds call and put options for equity stocks. These options are double-sided and therefore are treated as forward commitments to sell the equities at a future date and predetermined price specified in option contracts. The Group locked in a total fixed gain of US\$ 4,206,234 (equivalent of TL 2,828,931 million) (1999: US\$ 57,427,098 or equivalent of TL 41,158,578 million) which represents the difference between the purchase price of the equities and strike price specified in the option contract. Total gain is amortised to income over the life of the option contract and at year end the amortised gain amounted to US\$ 3,507,631 or the equivalent of TL 2,359,486 million (1999: US\$ 90,314,504 or equivalent of TL 64,729,312 million). The amortised gain on outstanding option contracts is included in interest income on investment securities.

During 2000, Dışbank, subsidiary of the Holding operating in banking sector, sold equities with a nominal value of US\$ 114 million by unwinding the related option contract and recorded a net gain of US\$ 32 million (equivalent of TL 22,110,304 million) under interest income on investment securities. Additionally, the net deferred tax liability of US\$ 12.9 million recorded at previous year end on the total accrued gain of US\$ 39.9 million was reversed in the current year.

Included in government bonds were securities pledged under repurchase agreements with other banks whose market value 31 December 2000 was TL 14,452,441 million.

As of 31 December 1999, included in government bonds and treasury bills were securities pledged under repurchase agreements with customers amounting to TL 20,670,669 million. The interest received for securities pledged under repurchase agreements in 2000 and 1999 amounted to TL 10,087,981 million and TL 71,439,204 million, respectively.

Blocked marketable securities represent treasury bills amounting to TL 206,965 million (1999: TL 1,125,228 million) that Subsidiaries in insurance sector are required to deposit in a blocked account in favour of the Treasury and Foreign Trade within two months following the end of the year, based on year end net premiums.

Marketable securities amounting to TL 27,679,952 million (1999: TL 13,668,604 million) were pledged to third parties as collateral (excluding sale and repurchase agreements). As at 31 December 2000, US treasury bills and Bundes obligations amounting to TL 116,052,610 million pledged to collateralise borrowings. Bundes obligations held as at 31 December 2000 were issued by Bundesbank in Euro.

The interest rates for treasury bills and government bonds held at 31 December 2000 are between 32-55% (1999: 52-118%). Interest rates for the marketable securities in foreign currency held at 31 December 2000 are between 9-13% (1999: 11-12%).

The mutual funds were issued by Dış Invest Fund Ltd. which is incorporated in the British Virgin Islands and are held by Dışbank Malta Ltd. The gross net asset value of the fund as at 31 December 2000 is US\$ 10,076,445. As at 31 December 2000 the Fund's portfolio comprised fixed income securities.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

Analysis of marketable securities for their maturities at 31 December 2000 and 1999 were as follows:

	2000 TL millions	1999 TL millions
Period remaining to maturity:		
1 - 30 days	3,336,930	112,354,180
30 - 90 days	35,287,456	78,463,171
90 days - 1 year	131,056,379	272,567,929
Over 1 year	268,173,590	159,164,015
	437,854,355	622,549,295

NOTE 8 - RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY

	2000 TL millions	1999 TL millions
Reserve deposits	39,187,912	35,254,425

According to the regulations of the Central Bank of Turkey, the banks are required to maintain reserve deposits equivalent to a certain portion of its customers, deposits, other than Interbank deposits, based on the type of deposits (foreign currency or Turkish lira), at different percentages ranging from 6% to 11% (1999: 8% to 11%). These funds are not available to finance the Banks' day to day operations. Effective from 26 December 2000, reserve requirement for Turkish lira deposits has been reduced to a rate of 4%.

NOTE 9 - BANKING LOANS

	2000 TL millions	1999 TL millions
Consumer loans	67,371,601	23,133,194
Commercial and industrial loans	231,234,728	192,586,195
Export loans	52,037,760	37,802,249
Investment loans	26,919,009	1,872,397
Other	4,770,372	25,308,212
	382,333,470	280,702,247
Non-performing loans	18,895,980	14,809,901
Total gross loans and advances	401,229,450	295,512,148
Less: Specific provisions for loan losses	(13,715,181)	(11,111,161)
General provisions for loan losses	(2,600,206)	(3,438,088)
Net loans and advances to customers	384,914,063	280,962,899

Movement in provisions for loan impairment is as follows:

	Specific provision TL millions	General provision TL millions	Total provision TL millions
Balance at 1 January 1999	6,252,065	2,927,826	9,179,891
Loan impairment expense during the year	13,283,518	1,789,734	15,073,252
Increase in share of subsidiary	136,575	115,274	251,849
Amounts written off	(3,125,733)	-	(3,125,733)
Recoveries of amounts previously provided	(698,952)	-	(698,952)
Monetary gain	(4,736,312)	(1,394,746)	(6,131,058)
Balance at 31 December 1999	11,111,161	3,438,088	14,549,249
Loan impairment expense during the year	5,520,034	578,221	6,098,255
Amounts written off	(61,082)	-	(61,082)
Recoveries of amounts previously provided	(50,955)	-	(50,955)
Monetary gain	(2,803,977)	(1,416,103)	(4,220,080)
Balance at 31 December 2000	13,715,181	2,600,206	16,315,387

The aggregate amount of non-performing loans on which interest was not being accrued amounted to TL 18,895,980 million (1999: TL 14,809,901 million) at 31 December 2000. All loans have been written down to their recoverable amount.

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

	2000 TL millions	%	1999 TL millions	%
Media	77,704,345	20%	11,541,748	4%
Wholesale and retail trade	68,217,798	18%	39,074,675	14%
Medicine, chemicals and dyes	49,066,141	13%	19,805,066	7%
Textiles	29,863,524	8%	26,856,195	10%
Construction and cement	29,348,470	8%	31,006,926	11%
Metal processing	27,287,838	7%	12,920,375	5%
Food and beverage	24,844,181	6%	10,261,568	4%
Financial institutions	5,344,393	1%	67,602,555	24%
Agriculture	5,026,120	1%	2,445,892	1%
Durable goods	3,463,667	1%	14,456,427	5%
Tourism	2,571,862	1%	3,957,280	1%
Automotive	1,521,920	0%	9,560,868	3%
Other	58,073,211	16%	31,212,672	11%
	382,333,470	100%	280,702,247	100%

Interest rates vary between 9 - 23% (1999: 7% - 22%) per annum for foreign currency loans and 70%-85% (1999: 52%-120%) per annum for Turkish lira loans.

Commercial and industrial loans at 31 December include loans granted to Lapis Holding A.Ş., the principal shareholder in prior years, and its related companies (altogether referred as "Lapis Group") as follows:

Lapis Group loans

	2000		1999	
	US\$'000	TL millions	US\$'000	TL millions
Foreign currency indexed loans	12,845	8,642,509	16,479	11,886,336
TL loans converted from foreign currency indexed loans	-	7,478,859	-	9,924,446
		16,121,368		21,810,782

These loans were rescheduled during 1994 as long-term loans with maturities of up to 12-14 years, with no repayments during the first two years. No interest is charged for foreign currency indexed loans and the annual interest charged for TL loans converted from

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

foreign currency indexed loans is 25% (1999: 30%) at 31 December 2000. Türkiye İş Bankası A.Ş. has taken full responsibility for potential losses related to the Lapis Group loans by providing a collateral loan with the same amount and maturity. At 31 December 2000, there were also TL 4,422,876 million of rescheduled loans other than those granted to Lapis Group.

NOTE 10 - TRADE RECEIVABLES

	2000 TL millions	1999 TL millions
Trade receivables	170,265,978	107,331,261
Notes receivables	72,952,764	19,073,978
Factoring receivables	22,707,893	13,759,562
Provision for doubtful receivables	(8,281,808)	(5,329,630)
Provision for factoring receivables	(1,510,083)	(560,466)
Other	444,517	660,806
	256,579,261	134,935,511

NOTE 11 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES AND SHAREHOLDERS

Amounts due from and due to related parties at 31 December and a summary of the major transactions with related companies are as follows:

Due from related companies	2000 TL millions	1999 TL millions
DTV Haber ve Görsel Yayıncılık A.Ş. ("DTV Haber")	20,405,839	10,266,334
Doğan Dış Ticaret Müessesilik A.Ş. ("Doğan Dış Ticaret")	6,426,574	4,081,739
Eko Televizyonculuk Yayıncılık A.Ş. ("Eko Televizyon")	3,499,534	2,763,427
Ortadoğu Otomotiv Ticaret A.Ş.	3,254,204	19,058
D Market Elektronik Hizmetleri A.Ş.	1,028,480	-
Doğan Daily News A.Ş.	845,436	-
Doğan Müşteri Hizmetleri A.Ş.	629,446	-
Biryay Birleşik Yayın Dağıtım A.Ş. ("Bir Yay")	538,603	157,512
D Finans İnternet Bilgi Hizmetleri A.Ş.	470,357	-
Doğan Kitap Müzik Dağıtım A.Ş.	428,769	130,237
Doğan Telekomünikasyon A.Ş.	355,401	-
Milliyet Verglas und Handles GmbH	212,937	232,005
Simge	-	2,816,016
Hür Medya İlanlık ve Reklamcılık Ticaret A.Ş.	-	250,486
Other	1,151,102	2,033,664
	39,246,682	22,750,478
Due to related companies	2000 TL millions	1999 TL millions
Doğan Dış Ticaret	4,424,572	16,075,847
Family members	5,459,968	5,894,204
Bir Yay	2,836,247	1,616,157
Eko Televizyon	2,770,988	-
Ortadoğu Yayıncılık Ticaret A.Ş.	1,758,315	-
DTV Haber	1,105,578	225,521
Doku Yapı İnşaat Sanayi ve Ticaret A.Ş.	473,683	3,143,536
Simge	-	3,462,229
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş.	-	242,672
DTV Haber	1,905,038	2,215,316
	20,734,389	32,875,482

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

Service sales:	2000 TL millions	1999 TL millions
DTV Haber	9,634,605	12,667,797
Eko Televizyon	3,123,630	4,682,211
Ortadoğu Otomotiv Ticaret A.Ş.	2,756,532	-
Doğan Dış Ticaret	1,641,747	2,738,931
Bir Yay	5,114	581,840
Hür Medya İlanlık ve Reklamcılık Ticaret A.Ş.	-	1,012,366
DTV Radyo TV Yayıncılığı ve Haber Ajansı A.Ş.	-	958,140
Simge	-	1,336,053
Doğan Kitap Müzik Dağıtım Pazarlama A.Ş.	-	940,190
Other	714,956	3,387,891
	17,876,584	28,305,419
Product sales:	2000 TL millions	1999 TL millions
Bir Yay	871,316	901,231
Doğan Dış Ticaret	761,137	774,539
Hür Servis ve Sosyal Hizmetler ve Ticaret A.Ş.	445,151	-
Eko Televizyon	343,316	-
Simge	-	2,009,745
Other	1,791,898	539,747
	4,212,818	4,225,262
Property, plant and equipment sales:	2000 TL millions	1999 TL millions
Doğan Dış Ticaret	1,534,526	-
Doğan Müşteri Hizmetleri A.Ş.	143,107	-
DTV Haber	33,714	135,336
	1,711,347	135,336
Service purchases:	2000 TL millions	1999 TL millions
Doğan Dış Ticaret	4,851,241	-
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş.	3,388,187	5,317,674
Hürmedya İlanlık ve Reklamcılık Tic. A.Ş.	3,177,287	4,147,818
Hürbim Bilgisayar ve Teknik Hizmetleri A.Ş.	2,066,312	3,193,855
DTV Haber	1,591,250	1,513,246
Simge	-	7,456,223
ANS	-	1,095,659
Hür İthalat ve İhracat Pazarlama A.Ş.	-	997,863
Yaratım Sağlık ve Spor A.Ş.	-	982,216
Anadolu Hür Servis İdari ve Genel Hizmetleri A.Ş.	-	744,911
Other	914,590	6,713,001
	15,988,867	32,162,466

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

Product purchases:	2000 TL millions	1999 TL millions
Doğan Dış Ticaret	91,413,752	129,137,049
Bir Yay	28,591,898	37,047,256
DTV Haber	4,621,242	8,849,746
Eko Televizyon	3,402,234	3,897,261
Marmara İdari ve Genel Hizmetler	144,072	1,039,950
İhlas Matbaacılık Gazetecilik Yayıncılık Sanayi A.Ş.	-	28,532,699
Simge	-	18,487,050
Basın İşletmecilik Kağıt Matbaa Sanayi A.Ş.	-	1,548,130
Other	1,504,035	842,039
	129,677,233	229,381,180

Property, plant and equipment purchases:	2000 TL millions	1999 TL millions
Simge	-	8,378,610
Other	39,350	65,651
	39,350	8,444,261

NOTE 12 - INVENTORIES

The composition of inventories at 31 December was as follows:

	2000 TL millions	1999 TL millions
Finished goods and merchandise	42,460,744	7,108,230
Promotion stocks	16,131,866	14,671,032
Raw materials and supplies	9,043,138	4,661,257
Semi-finished goods	2,440,976	1,256,395
Spares, supplies and advances	1,897,944	4,161,523
Other inventories	9,582,159	1,834,108
	81,556,827	33,692,545
Provision for obsolete stocks	(1,492,586)	(904,119)
	80,064,241	32,788,426

NOTE 13 - OTHER CURRENT ASSETS

	2000 TL millions	1999 TL millions
Interest income accruals	49,956,208	27,723,977
Minimum lease payments receivable	27,741,807	15,355,864
Prepaid taxes and funds	27,668,994	15,160,696
Value Added Tax (VAT) receivable	5,822,589	4,931,973
Prepaid expenses	4,881,559	5,264,204
Advances given	4,359,363	4,203,474
Other	17,706,287	12,478,808
	138,136,807	85,118,996

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

	2000 TL millions	1999 TL millions
2000	-	10,355,665
2001	17,613,471	3,701,065
2002	7,224,137	562,343
2003	1,902,406	9,024
2004	754,569	727,767
2005	93,403	-
2006	99,997	-
2007	53,824	-
	27,741,807	15,355,864

Under the lease agreements made with lessees, there is no residual value guaranteed to the lessor and the ownership of the items leased will be transferred to the lessees at the end of the lease terms.

NOTE 14 - INVESTMENTS AND ASSOCIATES

Simge, which was an Associate of the Group at 31 December 1999 has been considered as Subsidiary at 31 December 2000 due to a change in shareholding structure. At 31 December 1999, the Group had a 43% interest in Simge amounting to TL 2,694,415 million.

Investments at cost and respective effective interest of the Group at 31 December were as follows:

	2000		1999	
	TL millions	%	TL millions	%
Sınai Yatırım Bankası A.Ş.	5,739,559	8.00	5,119,753	10.00
Hürriyet Gazetecilik ve Matbaacılık A.Ş. Zweigniederlassung Deutschland	1,615,136	100.00	-	0.00
Digital Hizmet ve Pazarlama A.Ş.	1,520,308	50.00	893,550	50.00
Cam Elyaf Sanayi A.Ş.	643,398	0.67	643,594	0.70
İMKB Takas Bank A.Ş.	536,570	1.94	355,724	1.90
Kıbrıs Türk Petrolleri Limited Şirketi	399,389	91.01	-	-
Milliyet Verlags und Handels GmbH	462,723	99.17	751,448	99.00
Doğan Daily News Gazetecilik ve Matbaacılık A.Ş.	319,760	51.00	-	-
Bankalararası Kredi Kartları Merkezi	195,150	1.85	195,208	1.90
Anadolu Hayat Sigorta A.Ş.	152,377	1.00	152,421	1.00
Enteralle GmbH	125,556	95.65	125,594	95.65
Zigana Elektrik	100,901	65.00	-	-
Doğan Bilgi	95,310	95.00	-	-
Doğan Müzik Yapım	93,700	78.50	-	-
Kelkit Tekstil Sanayi ve Ticaret A.Ş.	82,134	65.00	-	-
Coats İplik Sanayi A.Ş.	80,572	0.50	80,597	0.50
Dışbank Nederland	-	-	8,687,683	100.00
Doğan Prodüksiyon	-	-	1,480,255	96.00
DMG	-	-	299,582	80.04
Other	2,052,528	-	3,290,090	-
Less: Diminution in value of investments	(3,768,199)	-	-	-
Total	10,446,872		22,075,499	

Dışbank Nederland Doğan Prodüksiyon and DMG which have not been consolidated at 31 December 1999 on the ground of materiality, have been consolidated at 31 December 2000.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

The investments in which the Group together with Doğan family members, which are either immaterial, or where a significant influence is not exercised by Doğan Holding, are carried at cost and restated to equivalent purchasing power at 31 December 2000. These companies have not been equity accounted for due to the insignificance of their combined impact on the net worth, financial position and results of Doğan Holding.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

At 31 December 2000, property, plant and equipment and related accumulated depreciation were as follows:

	1 January 2000 TL millions	Acquisitions* TL millions	Additions TL millions	Disposals TL millions	31 December 2000 TL millions
Cost:					
Land and land improvements	27,544,530	66,762,030	1,089,058	(975,270)	94,420,348
Buildings	117,759,947	17,692,737	13,598,245	(1,236,561)	147,814,368
Machinery and equipment	355,014,364	134,968,764	49,317,375	(12,647,555)	526,652,948
Motor vehicles	6,465,618	4,701,391	3,169,929	(778,058)	13,558,880
Furniture and fixtures	89,032,629	6,005,993	9,196,533	(1,343,771)	102,891,384
Leasehold improvement	25,429,878	474,926	10,140,469	(1,878)	36,043,395
Leased assets	16,951,966	-	4,279,021	(58,648)	21,172,339
Construction-in-progress	7,176,853	840,739	24,057,589	(19,975,177)	12,100,004
Other fixed assets	-	40,794,034	284,837	-	41,078,871
	645,375,785	272,240,614	115,133,056	(37,016,918)	995,732,537
Accumulated depreciation:					
Land and land improvements	727,349	10,487,635	211,190	-	11,426,174
Buildings	17,396,543	8,430,396	3,323,356	(470,972)	28,679,323
Machinery and equipment	279,910,833	134,331,926	22,265,870	(5,593,415)	430,915,214
Motor vehicles	3,082,592	3,787,254	1,697,812	(454,031)	8,113,627
Furniture and fixtures	67,079,646	5,603,613	8,656,518	(592,591)	80,747,186
Leasehold improvement	9,569,378	287,123	5,226,739	(8,459)	15,074,781
Leased assets	9,123,669	-	3,295,668	-	12,419,337
Other fixed assets	-	38,704,535	90,954	-	38,795,489
	386,890,010	201,632,482	44,768,107	(7,119,468)	626,171,131
Net book value	258,485,775				369,561,406

(*) The opening balances for property, plant and equipment of Subsidiaries and Joint Ventures acquired during the year were treated as acquisitions for the year.

At 31 December 2000 there are mortgages amounting to TL 26,616,953 million (1999: TL 45,940,976 million) on property, plant and equipment. The additions to and disposals from the restated cost of property, plant and equipment also comprise transfers from construction-in-progress amounting to TL 11,910,984 million. (1999: TL 18,105,920 million).

Since 1984, using an option granted under Turkish tax legislation, the Group have revalued in their statutory books of account, their property, plant and equipment in use for more than one year (excluding land, which is not revaluable), and the related accumulated depreciation at each year-end, by using the rates and procedures prescribed by the legislation.

The resulting increases in the net book values of the assets are included under shareholders' equity as revaluation surplus in the statutory records. The Group may use the revaluation surplus for issuance of free capital shares to existing shareholders.

All entries related to such revaluation which were recorded in the statutory books of account of the Group have been eliminated in the accompanying consolidated financial statements as part of the restatement process referred to in Note 2.

NOTE 16 - INTANGIBLE ASSETS

Movement for intangible assets during the year is as follows:

	1 January 2000 TL millions	Additions TL millions	Disposals TL millions	31 December 2000 TL millions
Restated cost	25,411,611	7,678,243	(516,286)	32,573,568
Accumulated amortisation	(3,886,120)	(3,659,254)	278,842	(7,266,532)
Net book value	21,525,491	4,018,989	(237,444)	25,307,036
Goodwill (Note 33)	78,854,602	360,754,552	(4,428,657)	435,180,497
Accumulated amortisation	(48,995,313)	(17,682,385)	1,771,462	(64,906,236)
Net book value	29,859,289	343,072,167	(2,657,195)	370,274,261
Total net book value	51,384,780	347,091,156	(2,894,639)	395,581,297

NOTE 17 - BANK BORROWINGS

Bank borrowings at 31 December were as follows:

	2000		1999	
	Effective interest rate per annum %	TL millions	Effective interest rate per annum %	TL millions
Short-term bank borrowings:				
TL loans	18%-170%	134,710,612	35%-100%	11,351,978
Foreign currency bank borrowings	6%-27%	449,970,477	8%-20%	528,907,046
Short-term portion of long-term bank borrowings	25%	2,696,880	35%	32,112
Short-term portion of long-term bank borrowings	4%-Libor+12%	26,277,747	Libor+4-5%	46,196,315
Total short-term bank borrowings		613,655,716		586,487,451

	2000		1999	
	Effective interest rate per annum %	TL millions	Effective interest rate per annum %	TL millions
Long-term bank borrowings:				
TL loans	25%	13,472,426	58%-100%	21,865,388
Foreign currency bank borrowings	4%-Libor+12%	421,962,724	4%-17%	39,780,916
Total long-term bank borrowings		435,435,150		61,646,304

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

The redemption schedule of long-term borrowings at 31 December is summarised below:

Year	2000 TL millions	1999 TL millions
2001	-	24,137,102
2002	401,875,906	16,107,462
2003	9,077,003	21,401,740
2004 and after	24,482,241	-
	435,435,150	61,646,304

NOTE 18 - BANKING AND CUSTOMER DEPOSITS

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

	2000			1999		
	Current/ Demand TL million	Term TL million	Total TL million	Current/ Demand TL million	Term TL million	Total TL million
Foreign currency:						
Domestic banks	819,728	43,400,119	44,219,847	-	131,231,245	131,231,245
Foreign banks	13,803,418	7,902,123	21,705,541	28,537,042	8,911,450	37,448,492
Securities sold under repurchase agreements	-	30,027,710	30,027,710	-	-	-
	14,623,146	81,329,952	95,953,098	28,537,042	140,142,695	168,679,737
Turkish lira:						
Domestic banks	3,527	136,017,300	136,020,827	-	39,817,931	39,817,931
	14,626,673	217,347,252	231,973,925	28,537,042	179,960,626	208,497,668

Interest rates on foreign currency deposits from other banks were between 6.75% and 45% for 2000 (1999: 6%-18%). Interest rates on Turkish lira bank deposits ranged between 27% and 125% in 2000 (1999: 44%-114%).

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

	2000			1999		
	Current/ Demand TL millions	Term TL millions	Total TL millions	Current/ Demand TL millions	Term TL millions	To TL millions
Foreign currency deposits:						
Saving deposits	35,489,087	274,265,875	309,754,962	20,144,091	207,100,844	227,244,935
Commercial deposits	4,014,104	104,420,232	108,434,336	41,442,952	127,302,577	168,745,529
Total foreign currency deposits	39,503,191	378,686,107	418,189,298	61,587,043	334,403,421	395,990,464
Turkish lira deposits:						
Saving deposits	7,032,435	3,726,879	10,759,314	6,626,382	1,610,843	8,237,225
Commercial deposits	13,158,353	13,348,463	26,506,816	18,710,022	1,696,860	20,406,882
Securities sold under repurchase agreements	-	165,672,006	165,672,006	-	46,432,131	46,432,131
Total Turkish lira deposits	20,190,788	182,747,348	202,938,136	25,336,404	49,739,834	75,076,238
Total deposits	59,693,979	561,433,455	621,127,434	86,923,447	384,143,255	471,066,702

Interest rates for US\$ deposits vary between 6.5%-16% (1999: 6.5%-12%) and interest rates for DM deposits vary between 4.5%-14% (1999: 5%-9%). Interest rates for Turkish lira deposits vary between 25%-130% (1999: 62%-83%)

For 2000, the total interest expense on repurchase agreements amounted to TL 51,162,276 million and included accrued interest expense of TL 2,922,390 million (1999: total interest expense of TL 70,855,917 million and accrued interest expense of TL 279,653 million).

NOTE 19 - TRADE PAYABLES

	2000 TL millions	1999 TL millions
Trade accounts payable	135,772,209	40,118,145
Notes payable	4,515,673	13,883,625
Other	4,260,964	3,557,791
	144,548,846	57,559,561

NOTE 20 - INSURANCE TECHNICAL RESERVES

	2000 TL millions	1999 TL millions
Unearned premiums reserve - net of reinsurance	12,352,368	10,502,076
Deferred commission income	3,199,875	3,497,164
Claim provisions - net of reinsurance	2,899,989	2,946,548
Insurance technical reserves - current	18,452,232	16,945,788
Life assurance provision	2,657,622	1,161,928
Equalisation provision	-	479,328
Insurance technical reserves - non-current	2,657,622	1,641,256

NOTE 21 - OTHER CURRENT LIABILITIES

	2000 TL millions	1999 TL millions
Interest expense accrual	66,509,775	48,619,537
Taxes and withholding payables	18,802,355	12,990,370
Import transfers and payment orders	11,170,077	4,435,244
Advances received	10,914,552	1,823,802
Miscellaneous payables	10,221,306	6,239,211
Payable for the purchase of Dışbank shares	2,740,180	3,529,680
Provision for promotion campaigns	1,223,966	8,186,367
Deposits and guarantees given	24,952	994,500
Other	13,643,002	12,011,441
	135,250,165	98,830,152

NOTE 22 - DEBT SECURITIES IN ISSUE

	Original Currency		2000 TL millions	1999 TL millions
Series 2000 - A Floating Rate Notes	Euro	69,000,000	42,749,269	-
Series 2000 - B 9% Notes	Euro	31,000,000	19,206,193	-
			61,955,462	-

These notes were issued in connection with the securitisation of export receivables of Dışbank, Subsidiary of the Holding operating in banking sector, and are listed in the Luxembourg Stock Exchange. The notes will mature in 2005.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

NOTE 23 - OTHER NON-CURRENT LIABILITIES

	2000 TL millions	1999 TL millions
Long-term lease obligations	2,005,584	203,649
Accrued expenses	340,051	1,040,945
Payable for the purchase of Dışbank shares	-	3,515,005
Other	262,187	363,283
	2,607,822	5,122,882

NOTE 24 - TAXATION

	2000 TL millions	1999 TL millions
Corporation and income taxes	36,165,250	4,957,474
Deferred tax liability - net	12,190,478	69,621,681
Total taxes payable	48,355,728	74,579,155

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 accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporation tax is payable at a rate of 33% on the total income of the Doğan Holding A.Ş. and its Subsidiaries after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Income exempt from corporation tax (except dividend income received from Turkish Companies) is subject to withholding tax at the rate of 16.5% regardless of whether the profits are distributed.

Dividends paid by the Holding and its Subsidiaries are subject to a withholding tax calculated on the gross dividend to be paid at the rate of 16.5%. An increase in capital using distributable profit or by issuing bonus shares is not considered as a profit distribution and thus there is no withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 15th 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.

Interest income on Turkish government bonds and treasury bills is subject to corporation tax.

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

Capital expenditures and projected capital expenditures for the following year are eligible for investment allowance incentives. Such allowance is available to companies for specific capital investments and is deductible from taxable income prior to the calculation of the corporate income tax. Investment allowance incentives utilised are subject to a withholding tax at the rate of 19.8% (1999: 16.5%).

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting 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 examine tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

For Treasury bills or Government bonds issued at discount, the following schedule applies:

Days remaining until redemption (From 1 December 1999)	Tax rate
1 - 91	4%
92 - 182	9%
More than 183 days	14%

Additionally, two-year fixed interest rate bonds with quarterly coupon payments will be taxed at 19% and three-year variable interest rate bonds with quarterly coupon payments will be taxed at 4%. At this time, no tax has been implemented on treasury securities issued on or after 1 December 1999 and securities issued in foreign currency, such as Eurobonds, are not subject to this tax.

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

	2000 TL millions	1999 TL millions
Provision for taxes per these accompanying consolidated statement of income		
- Current	(53,479,372)	(12,446,054)
- Deferred	56,609,164	(47,044,221)
Taxation on income	3,129,792	(59,490,275)

The total provision for taxes reflected in the accompanying consolidated financial statements is different from the amounts computed by applying the above mentioned effective/combined tax rates. The principal reasons for such differences are:

- i) Permanent differences arising from:
 - a) Dividends from equity participations that are either exempt from tax or taxable at reduced rates, and
 - b) non-tax deductible expenses
- ii) The deferred tax effects of the restatement made pursuant to IAS 29 and the investment allowance tax credits carried forward
- iii) The separate-entity tax basis for Doğan Holding, the Subsidiaries and Joint Ventures.

Deferred taxes

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

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided at 31 December using the expected future tax rates are as follows:

	Cumulative temporary differences		Deferred tax liabilities	
	2000 TL millions	1999 TL millions	2000 TL millions	1999 TL millions
Deferred tax liabilities:				
Net difference between the taxbase and the carrying value of property, plant and equipment, intangible assets and inventories	120,907,094	111,113,342	39,417,200	30,447,338
Accrued income on forward foreign exchange contracts	16,590,611	-	5,468,104	-
Accrued income on marketable securities	7,413,242	186,240,514	2,337,906	62,121,048
Deferred acquisition cost	5,295,866	4,723,217	1,747,636	1,433,277
Timing difference due to revenue recognition	3,689,450	-	1,217,519	-
Deferred commission expense	128,290	133,000	42,336	43,890
Other temporary differences	4,655,080	1,461,469	1,458,713	459,118
Total deferred tax liabilities	158,679,633	303,671,542	51,689,414	94,504,671

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

	Cumulative temporary differences		Deferred tax assets	
	2000 TL millions	1999 TL millions	2000 TL millions	1999 TL millions
Deferred tax assets:				
Carry forward of unused tax losses	54,667,097	27,792,351	18,040,142	9,171,477
Reserve for employment termination benefits	19,826,229	3,719,483	6,521,719	1,020,534
Accrued expense on forward foreign exchange contracts	11,093,582	6,956,204	3,660,882	2,249,382
Provision for loan losses and factoring receivables	10,599,988	10,031,019	3,347,333	3,280,534
Insurance technical reserves	8,878,271	10,280,063	2,929,830	3,392,419
Interest expense accrual on borrowings	4,950,958	4,139,190	1,633,816	1,365,933
Net of expenses and depreciation expenses on leased assets	2,759,885	196,503	598,352	64,847
Expense accrual for promotional goods	1,977,114	2,640	652,448	669
Valuation difference on investment securities	-	1,376,364	-	454,201
Bonus accruals	-	796,200	-	262,746
Transaction tax accrual on equity options	-	1,070,325	-	353,207
Other temporary differences	13,010,038	9,900,135	2,114,414	3,267,041
Total deferred tax assets	127,763,162	76,260,477	39,498,936	24,882,990
Deferred tax liabilities - net			12,190,478	69,621,681

NOTE 25 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

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

Under the Turkish Labour Law, the Holding, its Turkish Subsidiaries, its Joint Ventures and Associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999 there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL 646,560,000 (1999: TL 345,200,000) for each year of service at 31 December 2000.

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. Additionally, the Group should pay 40 days' salary if the employee resigns after 1 year's work and 50 days if the Group terminates the employment. The monthly salary figure is calculated by adding all cash and non-cash payments received during the year and dividing by twelve.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

International Accounting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2000	1999
Discount rate	7%	7%
Turnover rate to estimate the probability of retirement	91%	86%

The principal assumption is that the maximum liability of TL 646,560,000 for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 646,560,000 (1999: TL 345,200,000) has been taken into consideration in calculating the reserve for employment termination benefit of the Holding, its Turkish Subsidiaries, its Joint Ventures and Associates.

The reserve for employment termination benefits at 31 December 1998 has not been restated to take account of the implementation of revised IAS 19 since the effect of such restatement would be immaterial to the consolidated financial position and result of operations at 31 December 1999.

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

	2000 TL millions	1999 TL millions
1 January	4,261,217	8,708,091
Acquisitions	19,880,413	-
Charge for the year	1,168,716	-
Disposals	(6,926,052)	(1,211,451)
Effect of adoption IAS 19 (revised)	-	(3,235,423)
31 December	18,384,294	4,261,217

İş Doğan, a Joint Venture established by the Holding and T. İş Bankası A.Ş., acquired 51% of the shares of POAŞ at the tender held on 3 March 2000. After privatisation as at 21 July 2000, termination of the employments of POAŞ's personnel has been started and this will continue in 2001. Therefore, a provision is built up for POAŞ's estimated maximum liability for such payments.

NOTE 26 - SHARE CAPITAL

Doğan Holding adopted the registered share capital system available to companies registered with the Capital Market Board ("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 historical authorised and paid-in share capital at 31 December was as follows:

	2000 TL millions	1999 TL millions
Limit on registered share capital (historical)	100,000,000	100,000,000
Historical authorised and paid-in share capital	93,103,920	66,502,800

The shareholder structure is summarised as follows:

	Share %	2000 TL millions	Share %	1999 TL millions
Adil Bey Holding	40.00	37,241,568	40.00	26,601,120
Aydın Doğan	23.71	22,075,457	23.71	15,767,815
Işıl Doğan	1.65	1,531,154	1.65	1,097,296
Arzuhan Yalçındağ	0.04	38,102	0.04	26,601
Vuslat Doğan Sabancı	0.04	38,102	0.04	26,601
Hanzade V. Doğan	0.04	38,102	0.04	26,601
Y. Begümhan Doğan	0.04	38,102	0.04	26,601
Total Doğan family and companies owned by Doğan family	65.52	61,000,587	65.52	43,572,635
Istanbul Stock Exchange	34.29	31,925,522	34.29	22,803,810
Aydın Doğan Vakfı	0.19	177,811	0.19	126,355
	100.00	93,103,920	100.00	66,502,800

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

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

Shareholders	Unit of shares	TL millions	Nature of shares
Doğan family and companies owned by Doğan family members	13,460,000	134,600	Registered
Doğan family and companies owned by Doğan family members	6,104,379,800	61,043,798	Bearer
Other shareholders	12,540,000	125,400	Registered
Other shareholders	3,180,012,200	31,800,122	Bearer
	9,310,392,000	93,103,920	

NOTE 27 - RETAINED EARNINGS AND LEGAL RESERVES

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of Doğan Holding's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

According to CMB regulations quoted companies have the following two options; they may either distribute dividends in cash or as bonus shares or they may elect not to distribute any dividends at all. However, the CMB may require the company to distribute dividends in cash. If the company makes a decision to distribute any dividends, distribution should be made in the five months following the year-end. The second legal reserve is appropriated by the company at the rate of 10% of distributable profit. Under the TCC, the legal reserves are not available for distribution unless they exceed 50% of the paid-in share capital, but may be used to offset losses in the event that the general reserve is exhausted.

Composition of prior periods' earnings (per Statutory Financial Statements of Doğan Holding, its Subsidiaries and Joint Ventures) at 31 December 2000 and 1999 (not adjusted for inflation):

	2000 TL millions	1999 TL millions
- Legal reserves	27,442,229	2,463,204
- Undistributed general reserve	93,123,501	45,457,808
	120,565,730	47,921,012
Historical amounts of dividends distributed during year from previous periods' net income per Statutory Financial Statements of parent company only	13,300,560	6,234,638

NOTE 28 - CASH GENERATED FROM OPERATIONS

	2000 TL millions	1999 TL millions
Adjustments for:		
Depreciation and amortisation	66,109,746	47,029,814
Reserve for employment termination benefits	3,982,952	(4,446,874)
Net interest income	(252,249,631)	(403,085,881)
Translation reserve	(2,849,926)	-
Profit/(loss) from property, plant and equipment sales	(2,833,024)	480,803
Taxation expense	(440,522)	(9,812,514)
	(188,280,405)	(369,834,652)
Change in finance-segment working capital (excluding the effects of acquisitions and disposals):		
Marketable securities	(16,397,042)	28,669,350
Reserve deposit with the Central Bank of Turkey	(3,933,487)	202,829
Banking loans - current	(103,951,163)	(61,592,923)
Trade receivables	(17,019,394)	(9,442,644)
Due from related parties	5,299,300	(7,742,647)
Banking deposits	173,536,988	137,342,553
Trade payables	414,620	1,717,997
Due to related parties	6,432,284	33,978
Insurance technical reserves - current	1,506,445	6,483,108
Other current assets/liabilities - net	4,517,770	4,117,348
	50,406,321	99,788,949
Change in non-finance-segment working capital (excluding the effects of acquisitions and disposals):		
Marketable securities	48,899,016	(39,403,184)
Trade receivables	(60,735,900)	(31,194,740)
Due from related parties	(21,795,504)	5,769,955
Inventories	(29,609,858)	(5,351,541)
Trade payables	81,615,872	(6,725,130)
Due to related parties	(18,573,377)	17,616,520
Other current assets/liabilities - net	(3,241,490)	(11,082,856)
	(3,441,241)	(70,370,976)
Cash generated from operations	(141,315,325)	(340,416,679)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

NOTE 29 - FINANCIAL (EXPENSE)/INCOME - NET

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

	2000	1999
	TL millions	TL millions
Financial income:		
Interest income on bank deposits	36,912,655	63,483,158
Foreign exchange gain	25,934,996	46,432,197
Interest income on marketable securities	8,246,361	11,998,795
Interest on short-term investments	4,548,858	4,525,129
Interest on matured receivables	-	-
Other interest and commission	5,866,549	217,236
	81,509,419	126,656,515
Financial expenses:		
Foreign exchange loss	(68,906,484)	(67,819,466)
Interest expense on borrowings	(68,953,210)	(47,840,272)
Financing expense	(795,728)	-
Other	(8,118,265)	(8,705,588)
	(146,773,687)	(124,365,326)
Financial (expense)/income - net	(65,264,268)	2,291,189

NOTE 30 - EXTRAORDINARY ITEM

Turkish Parliament approved a new tax code that brings additional corporate and income taxes following the recent earthquake in Turkey. According to Law No:4481 and decree No:1 "Additional Income and Corporate Taxes" published in the Official Gazette dated 26 November, a 5% additional corporate tax and income tax of TL 3,462,141 million on 1998 tax base, has been provided for and accounted for as an extraordinary item at 31 December 1999.

NOTE 31 - FOREIGN CURRENCY POSITION

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

	US\$	Euro	2000 Other	TL	Total
Assets:					
Current assets					
Cash, amounts due from banks and reserve deposits with the Central Bank of Turkey	308,169,104	90,624,276	4,746,869	451,688,909	855,229,158
Marketable securities	149,358,691	49,444,146	-	239,051,518	437,854,355
Banking loans current	147,303,399	39,301,569	18,298,485	180,010,610	384,914,063
Trade receivables	24,841,767	3,288,592	3,167,187	225,281,715	256,579,261
Due from related parties	-	-	-	39,246,682	39,246,682
Inventories	-	-	171,445	79,892,796	80,064,241
Other current assets	17,604,562	6,187,986	1,671,367	112,672,892	138,136,807
Total current assets	647,277,523	188,846,569	28,055,353	1,327,845,122	2,192,024,567
Investments and associates	-	-	-	10,446,872	10,446,872
Property, plant and equipment	314,584	380,069	45,959	368,820,794	369,561,406
Intangible assets - net	-	-	-	395,581,297	395,581,297
Other non-current assets	17,466	-	-	11,200,937	11,218,403
Total non-current assets	332,050	380,069	45,959	786,049,900	786,807,978
Total assets	647,609,573	189,226,638	28,101,312	2,113,895,022	2,978,832,545
Liabilities:					
Current liabilities					
Short-term bank borrowings	312,699,520	140,591,339	22,957,365	137,407,492	613,655,716
Banking and customer deposits	423,276,402	42,492,840	50,362,834	336,969,283	853,101,359
Trade payables	11,537,280	1,986,968	19,831,603	111,192,995	144,548,846
Due to related parties	-	-	-	20,734,389	20,734,389
Insurance technical reserves - current	142,800	-	-	18,309,432	18,452,232
Other current liabilities	26,613,285	4,032,039	2,506,018	102,098,823	135,250,165
Taxes on income	2,380,334	713,304	-	33,071,612	36,165,250
Total current liabilities	776,649,621	189,816,490	95,657,820	759,784,026	1,821,907,957
Long-term bank borrowings	337,356,389	79,584,797	5,021,538	13,472,426	435,435,150
Debt securities in issue	-	61,955,462	-	-	61,955,462
Provision for employment termination benefits	-	-	-	18,384,294	18,384,294
Insurance technical reserves - non-current	-	-	-	2,657,622	2,657,622
Other non-current liabilities	10,748	-	-	2,597,074	2,607,822
Deferred tax liabilities - net	1,037	-	-	12,189,441	12,190,478
Total non-current liabilities	337,368,174	141,540,259	5,021,538	49,300,857	533,230,828
Total liabilities	1,114,017,795	331,356,749	100,679,358	809,084,883	2,355,138,785
Net foreign currency position	(466,408,222)	(142,130,111)	(72,578,046)	1,304,810,139	623,693,760
Off balance sheet derivative instruments net position	105,263,375	(69,980,074)	10,963,606	(74,005,716)	(27,758,809)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

NOTE 32 - GOVERNMENT GRANTS

Certain Subsidiaries have obtained investment incentive certificates from the Turkish government authorities in connection with certain major capital expenditures which entitle the companies, among other things, to:

- i) A 100% exemption from customs duty on machinery and equipment to be imported,
- ii) Investment allowance of 100% on approved capital expenditures,
- iii) Incentive premiums varying between 12% and 25% on the cost of the local content of the facilities.

The investment allowance indicated in (ii) above is deductible from current or future taxable profit for the purposes of corporation tax and exempt from corporation tax, but subject to income tax. At 31 December 2000, investment allowances to be utilized in future periods amounted to TL 7,698,653 million (1999: TL 3,796,710 million).

NOTE 33 - ACQUISITIONS AND GOODWILL

Acquisitions made by Doğan Holding and its subsidiaries from outside the Group during 2000 and 1999 were as follows:

2000

24.28% the issued share capital of Petrol Ofisi A.Ş. ("POAŞ") was acquired at the tender held on 30 March 2000 with effect from 21 July 2000 at a fair value of TL 60,503,086 million for a cash consideration of TL 420,331,009 million.

16.67% of the issued share capital of Ultra Kablololu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. was acquired with effect from 30 June 2000 at a fair value of TL 2,269,590 million for a cash consideration of TL 3,196,219 million.

11.64% of the issued share capital of Doğan Burda Rizzoli was sold with effect from 31 January 2000 and 22 March 2000 for TL 9,255,881 million. The related goodwill amounting to TL 4,428,657 million and accumulated amortisation to TL 1,771,462 million have been eliminated, representing a net decrease in goodwill amounting to TL 2,657,195 million.

1999

22.62% of the issued share capital of Simge Yayıncılık ve Dağıtım A.Ş. was acquired with effect from 15 April 1999 at a fair value of TL 3,369,414 million for a cash consideration of TL 8,963,112 million.

	2000 TL millions	1999 TL millions
Total cash consideration	423,527,228	8,963,112
Less: net assets acquired at fair value	(62,772,676)	(3,369,414)
Goodwill	360,754,552	5,593,698

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

	2000	1999
	TL millions	TL millions
Cash and cash equivalents	12,739,368	122,537
Current assets	64,062,475	3,338,000
Non-current assets	38,865,687	1,361,432
Current liabilities	(26,316,489)	(1,054,387)
Non-current liabilities	(26,578,365)	(398,168)
Fair value of net assets	62,772,676	3,369,414
Goodwill	360,754,552	5,593,698
Total purchase consideration	423,527,228	8,963,112
Less:		
Cash and cash equivalents in subsidiary acquired	(12,739,368)	(122,537)
Cash outflow on acquisition	410,787,860	8,840,575

Movement of goodwill is summarised as follows :

	2000	1999
	TL millions	TL millions
1 January	29,859,289	36,524,892
Additions	360,754,552	5,593,698
Amortization charge	(17,682,385)	(12,259,301)
Disposals - net	(2,657,195)	-
31 December	370,274,261	29,859,289

NOTE 34 - COMMITMENTS AND CONTINGENT LIABILITIES

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

	2000	1999
	TL millions	TL millions
Guarantees given:		
Letters of guarantee	390,708,541	330,556,908
Guarantee notes	22,636,244	6,444,491
Guarantees taken:		
Letters of guarantee	274,562	4,120,303
Guarantee notes received	17,865,201	39,916,256

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

Commitments - given:

Commitments - Banking

In the banking segment normal course of banking activities requires to undertake various commitments and incurs certain contingent liabilities that are not presented in the accompanying financial statements, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities at 31 December 2000 and 1999.

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 Bank 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.

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

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

	2000			1999		
	Related parties TL millions	Other TL millions	Total TL millions	Related parties TL millions	Other TL millions	Total TL millions
Letters of guarantee						
- TL	8,149,155	104,905,608	113,054,763	15,513,574	93,809,767	109,323,341
- Foreign currency	2,285,042	245,361,270	247,646,312	17,061,661	183,076,761	200,138,422
Letters of credit	2,997,282	119,612,016	122,609,298	7,061,874	94,205,352	101,267,226
Acceptance credits	18,664,000	40,608,331	59,272,331	-	24,141,304	24,141,304
Other commitments and contingencies	4,451,549	150,584,700	155,036,249	23,271,994	160,295,113	183,567,107
	36,547,028	661,071,925	697,618,953	62,909,103	555,528,297	618,437,400

Commitments under derivative instruments:

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

		Original Amounts	2000 TL millions	Original Amounts	1999 TL millions
Forward currency purchases	US\$	87,321,045	58,753,428	423,196,080	305,160,517
	EURO	5,576,359	3,454,861	237,141,522	171,632,135
	DM	-	-	14,630,000	5,413,818
	SAR	50,000	8,970	-	-
	TL	-	76,824,147	-	-
			139,041,406		482,206,470
Forward currency sales	US\$	118,234,243	79,553,183	195,779,725	141,173,902
	EURO	3,076,674	1,906,169	27,878,790	20,177,387
	JPY	-	-	206,920,000	1,458,526
	TL	-	74,580,705	-	-
			156,040,057		162,809,815
Currency swap purchases	US\$	131,149,796	88,243,334	-	-
	EURO	-	-	223,767,553	161,952,671
	GBP	11,000,000	10,954,636	-	-
			99,197,970		161,952,671
Currency swap sales	EURO	161,683,091	100,171,567	-	-
	US\$	2,942,100	1,979,574	218,963,005	157,891,027
	CHF	1,000,000	409,198	4,780,000	2,153,706
	GBP	-	-	4,000,000	4,661,677
			102,560,339		164,706,410
Interest rate swap purchases	US\$	402,397,439	270,750,642	-	-
	EURO	176,693,597	109,471,401	-	-
	TL	-	214,883,538	-	-
			595,105,581		-
Interest rate swap sales	US\$	346,799,797	233,342,110	-	-
	EURO	134,962,348	83,616,598	-	-
	TL	-	285,309,858	-	-
			602,268,566		-
Currency options - call	TL	-	2,388,822	-	-
Currency options - put	TL	-	8,211,660	-	-
Future purchases	US\$	59,900,000	40,303,346	-	-
	EURO	4,500,000	2,787,998	-	-
			43,091,344		-
Future purchases	US\$	59,900,000	40,303,346	-	-
			40,303,346		-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

At 31 December 2000, the Bank purchased put options and wrote call options on listed equities. Total commitment of the Bank from this back to back transaction amounts to US\$ 17,390,255 (1999: US\$ 376,552,680).

The carrying values and estimated fair values of forward foreign exchange contracts outstanding at 31 December are as follows:

	2000 TL millions	1999 TL millions
Carrying value	(973,682)	1,803,467
Fair value	980,976	(7,152,398)

Commitments for resale and repurchase of marketable securities:

The Bank's commitments for resale and repurchase of government bonds, treasury bills and eurobonds at 31 December are as follows:

	2000 TL millions	1999 TL millions
Repurchase commitments	201,343,497	55,562,817
Resale commitments	199,321,002	239,912,311
	400,664,499	295,475,128

Other commitments:

In accordance with total swap agreements signed with certain counterparties during 2000, the Bank as of 31 December 2000 has a commitment to purchase TL 212,681,361 million nominal value of government bonds at their maturity in 2001. The net gain arising from total swap agreements is TL 9,451,323 million and has been accrued in income on a straight-line basis. It represents a difference between the fixed yield-to-maturity of the government bonds and a foreign currency denominated amount to be exchanged between the Bank and the counterparties. In connection with these agreements, the counterparties placed non-interest earning margin call deposits with the Bank in the amount of US\$ 146,429,362 (or in the equivalent of TL 98,524,096 million) that were recorded under cash and due from banks of 31 December 2000 (Note 6). During 2001, before the maturity of the agreements the Bank purchased back and sold, substantially all government bonds subject to these agreements.

Commitments - Other companies

	2000 TL millions	1999 TL millions
Pledges given	309,607,404	165,330,656
Acceptance credits	59,272,331	24,141,304
Mortgages given	26,616,953	24,118,759
Letters of credit	9,309,323	-
Forward commitment - foreign exchange contract	2,390,839	716,493
Commitments with respect to investment incentive certificates	-	10,303,457
Other	347,129,804	123,487,196

Commitments taken:

	2000 TL millions	1999 TL millions
Mortgages taken	25,000	1,628,230

Foreign currency denominated commitments and contingencies for other companies is as follows:

	2000	1999
	Original Currency	Original Currency
Guarantee letter US\$	620,590	3,839,429
Guarantee letter FRF	44,899,041	43,699,041
Guarantee letter CHF	13,235,413	-
Guarantee letter EURO	879,378	-
Guarantee notes US\$	1,262,122	1,748,481
Mortgages US\$	7,500,000	15,000,000
Mortgages DM	19,249,999	23,000,000
Mortgages JPY	161,974,800	-
Pledges given EURO	-	13,850,000
Pledges given DM	54,223,290	55,165,723
Pledges given US\$	311,429,240	161,935,506
Pledges given FRF	44,123,051	65,436,716
Pledges given CHF	1,071,348	-
Other commitments US\$	298,885,584	58,768,586
Other commitments DEM	50,302,450	234,880,400
Other commitments CHF	9,456,948	1,640,000
Other commitments NOK	2,950,000	2,950,000
Other commitments GBP	15,968,500	15,968,500
Other commitments FRF	24,825,172	2,058,456
Other commitments EURO	153,880,000	9,100,000
Forward foreign exchange contracts US\$	3,559,040	1,000,000
Blocked marketable securities and interest income accrual US\$	5,034,677	26,620,529

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

Barter Agreements:

The Group, as a common practice in the media sector, entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. At 31 December 2000, barter agreements are as follows:

Subsidiaries and Joint Ventures	2000	1999
	Invoices Issued	Invoices Issued
Doğan Burda Rizzoli	111,278	467,449
Hürriyet	1,400,666	2,071,340
Milliyet	347,496	1,124,715
ANS	899,047	-
Simge	1,015,472	-
	3,773,959	3,663,504

Subsidiaries and Joint Ventures	2000	1999
	Invoices Received	Invoices Received
Doğan Burda Rizzoli	59,450	1,377,134
Hürriyet	1,816,686	2,329,726
Milliyet	280,494	1,048,341
ANS	350,020	-
Simge	429,130	-
	2,935,780	4,755,201

At 31 December 2000, on-going barter agreements are limited to US\$ 7,902,730 and TL 656,259 million. (1999: US\$ 4,510,030 and TL 1,271,482 million)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

(Amounts expressed in terms of the purchasing power of the Turkish lira at 31 December 2000, unless otherwise indicated)

NOTE 35 - SUBSEQUENT EVENTS

1. On 22 February 2001, due to the turmoil in the Turkish financial sector, the Turkish government concluded that the managed exchange rate was no longer sustainable. The crawling-peg system, which had limited the depreciation of the local currency, was abandoned in favour of a free-floating exchange rate. The Turkish lira has depreciated in excess of 85% when compared to the exchange rates prevailing at 31 December 2000. There is uncertainty as to the effects of the ongoing volatility in the financial markets on the financial condition of the Group and its future operations and cash flows at present.
2. At the General Shareholders Meeting dated 14 June 2001, it was decided to increase the registered share capital of the Holding from TL 100,000,000 million to TL 600,000,000 million upon the approval of Capital Market Board dated 21 May 2001 and numbered OFD/1255-5777 and the approval of Ministry of Trade and Industry - General Directory of Domestic Trade dated 23 May 2001 and numbered 3818.

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