CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2017
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Doğan Şirketler Grubu Holding A.Ş.;

Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Doğan Şirketler Grubu Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2017 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
Assessment of impairment tests for intangible assets Intangible assets of the Group consist of intangible assets with definite and indefinite useful lives and goodwill. The Group decided to terminate the activities of the digital platforms of its subsidiaries in Russia due to intense competition in the marketplace and the level of operational performance which is lower than the Group's expectations. The Group accounted for a provision for impairment amounting to TRY 279.092 thousand as of 31 December 2017 for the aforementioned assets, since carrying amount of intangible assets is lower than their recoverable amount. The provision for impairment was accounted for under "Profit (Loss) For The Period From Discontinued Operations" in the statement of profit or loss. Related currency translation adjustment was continued to be accounted for equity (Note 23). The carrying amount of intangible assets is material to the consolidated financial statements. Additionally, the carrying amount of goodwill is TRY403,713 thousand in the consolidated financial statements as of 31 December 2017. Significant estimations and assumptions were used during the impairment tests performed by the Group management. These assumptions include growth expectations of earnings before interest, tax and depreciation, ultimate growth rates and discount rates used for determining the net present value of cash flows. These assumptions and estimations are very sensitive to the expected market conditions. Therefore, the impairment test of intangible assets is an important matter for our audit. Explanations related to the accounting policies and the related disclosures of the Group are included in notes 2.2 and 15.	The procedures that we have performed by taking into consideration of the evaluations of valuation experts in our firm for the response of risk of material misstatement regarding to the Group's impairment test of intangible assets and goodwill are as follows: • The mathematical accuracy of the valuation models used during the impairment test was tested. • Data used in valuation models have been evaluated for its appropriateness with the Group's approved budgets. • Reasonableness of budgeted figures have been assessed by considering their consistency compared to prior period financial performance. • Appropriateness of significant assumptions such as growth rates and discount rates used in discounting of cash flows have been evaluated with our valuation experts by comparing rates used in the relevant industries. • The Group's management's analysis and related conclusions regarding the sensitivity of the assumptions compared to the market conditions have been evaluated. • The disclosures related to the impairment test and its results and the sufficiency of those disclosures were assessed based on TAS. We had no material findings in our audit procedures related to the assessment of impairment tests for intangible assets.

3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
Investment properties are measured by using the fair value method As explained in Note 13, as of 31 December 2017, the Group's investment properties, which have a carrying amount of TRY 564,947 thousand and represent a significant share of total assets, comprise of land and buildings. The accounting policy for investment properties used by the Group management is the "fair value method", as described in Note 2.2. The fair values of these assets are determined by independent valuation experts authorised by the Capital Markets Board ("CMB") and are recognised in the consolidated financial statements after being assessed by the Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. The reasoning of our focus in this area: • The quantitative materiality of the investment properties in the financial statements, • When determining the fair values of the investment properties, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that may lead to changes in the fair values.	• Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked based on Independent Audit Standards. • Deeds and ownership ratios of investment properties were tested on a sample basis. • We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. • Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TAS. We had no material findings in our audit procedures related to the investment properties accounted for using the fair value method.

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3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
Accounting for advertisement and subscriber revenue Advertisement and subscriber revenue, which is significant in Group's revenue, is important in the assessment of the performance of visual and audio media. The measurement of advertisement revenue depends on variables defined by contract such as the date the advertisement is televised, the time zone and the duration of the advertisement. In this context, the Group has a broadcast monitoring department to correctly note the time zones and total durations of the advertisements within the broadcast feed which is constantly updated. It is important in terms of our audit work that the revenue is accounted for in the consolidated financial statements correctly and completely. Since it has material impact on the consolidated financial statements and includes complicated processes, accounting for advertisements and subscriber revenue was considered to be a key audit matter. Disclosures related to accounting policies and revenue amounts of the visual and audio media of the Group are included in Note 2.2, 5 and 24.	The procedures we have performed while auditing advertisement and subscriber revenue are as follows: • Analysing the difference between our expectations based on our knowledge on the sector and market data and real amounts, the time the revenue is accounted for in the consolidated financial statements and performing test of details procedures for completeness, • Testing the consistency of the results of the individual organisations that monitor advertisement broadcast durations with the records in the system, • Test of details performed with sampling method for the advertisement and subscriber revenue accounted for, and • Test of details performed with sampling method concerning the consistency between recorded subscriber revenue and the conditions laid out in the contracts. We had no material findings in our audit procedures related to the accounting for advertisement and subscriber revenue.

4. Other matter

The consolidated financial statements of the Group as of 31 December 2016 and for the year then ended were audited by another audit firm whose audit report dated 9 March 2017 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 8 March 2018.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

İstanbul, 8 March 2018

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

ASSETS	Notes	*USD(*)* *Unaudited* *Current Period* 31 December 2017	*Audited* *Current Period* 31 December 2017	*Restated* *Prior Period* 31 December 2016	*Restated* *Prior Period* 31 December 2015
Current assets		**1.297.025**	**4.892.249**	**3.912.023**	**3.971.139**
Cash and cash equivalents	6	452.946	1.708.467	1.512.163	1.894.260
Financial investments	7	19.020	71.743	288.752	293.295
Trade receivables					
- Due from related parties	33	2.277	8.588	8.523	2.940
- Due from non-related parties	9	589.768	2.224.546	1.485.674	1.212.010
Other receivables					
- Due from related parties	33	2.585	9.750	10.726	2.320
- Due from non-related parties	10	7.627	28.770	17.046	17.093
Inventories	11	159.591	601.962	441.350	374.448
Prepaid expenses	20	31.067	117.180	81.583	95.310
Derivative instruments	21	22	83	551	-
Biological assets	12	-	-	215	76
Other current assets	19	32.122	121.160	65.440	79.387
Non-current assets		**1.162.879**	**4.386.262**	**4.340.755**	**3.898.181**
Trade receivables					
- Due from non-related parties	9	5.775	21.783	25.258	21.374
Other receivables					
- Due from related parties		-	-	-	29.076
- Due from non-related parties	10	5.184	19.554	29.082	31.235
Financial investments	7	33.176	125.137	76.716	41.598
Investments accounted for by the equity method	4	95.022	358.415	323.471	309.131
Investment properties	13	149.778	564.947	569.870	376.075
Property, plant and equipment	14	349.807	1.319.438	1.167.901	1.041.089
Intangible assets					
- Other intangible assets	15	251.225	947.596	1.116.872	953.972
- Goodwill	15	107.032	403.713	403.713	403.713
Prepaid expenses	20	10.430	39.340	51.623	46.197
Deferred tax asset	31	14.068	53.064	42.303	106.105
Other non-current assets	19	141.381	533.275	533.946	538.616
Total assets		**2.459.904**	**9.278.511**	**8.252.778**	**7.869.320**

The consolidated financial statements as of and for the period ended 31 December 2017 have been approved by the Board of Directors on 8 March 2018.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	*USD(*) Unaudited Current Period* 31 December 2017	*Audited Current Period* 31 December 2017	*Restated Prior Period* 31 December 2016	*Restated Prior Period* 31 December 2015
Current liabilities		**1.142.175**	**4.308.169**	**2.788.691**	**2.700.917**
Short-term borrowings	8	413.114	1.558.223	1.088.428	738.949
Short-term portion of long-term borrowings	8	280.861	1.059.380	305.409	717.110
Other financial liabilities			-	-	175.395
Trade payables					
- Due to related parties	33	6.931	26.143	25.403	27.129
- Due to non-related parties	9	338.863	1.278.158	939.110	733.847
Payables related to employee benefits	22	9.626	36.307	36.796	23.394
Deferred income	20	24.477	92.326	56.243	40.014
Derivative instruments	21	291	1.098	-	-
Other payables					
- Due to non-related parties	10	39.491	148.955	232.115	159.859
Current income tax liability	31	3.741	14.110	13.426	1.888
Short-term provisions					
- Short-term provisions for employment benefits	22	15.044	56.745	51.263	44.070
- Other short-term provisions	17	9.736	36.724	40.498	39.262
Non-current liabilities		**522.356**	**1.970.276**	**2.026.041**	**1.705.310**
Long-term borrowings	8	198.100	747.215	895.383	665.525
Investments accounted for by the equity method	4	82.277	310.342	227.293	155.315
Other financial liabilities	8	176.646	666.291	519.829	517.700
Other payables					
- Due to non-related parties	10	3.635	13.710	119.449	103.495
Deferred income	20	1.492	5.626	7.457	1.410
Long-term provisions					
- Long-term provisions for employment benefits	22	32.492	122.556	119.120	109.481
Deferred tax liability	31	27.714	104.536	137.510	152.384
EQUITY		**795.373**	**3.000.066**	**3.438.046**	**3.463.093**
Equity attributable to equity holders of the parent company		**691.525**	**2.608.363**	**2.999.228**	**3.073.004**
Share capital	23	693.798	2.616.938	2.616.938	2.616.938
Adjustments to share capital	23	38.051	143.526	143.526	143.526
Repurchased shares (-)	23	(551)	(2.080)	(2.080)	-
Share premiums (discounts)	23	9.321	35.159	35.159	35.159
Other comprehensive income (losses) that will not be reclassified in profit or loss					
- Gain (loss) on revaluation of property, plant and equipment	23	9.231	34.820	48.007	11.662
- Actuarial gains (losses) on defined benefit plans	23	(11.032)	(41.613)	(37.810)	(31.032)
- Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	4	(166)	(626)	-	-
Other comprehensive income (losses) that will be reclassified in profit or loss					
- Change in currency translation reserves	23	78.282	295.272	221.961	87.357
- Gain (loss) on revaluation and reclassification	23	8.536	32.196	15.602	514
- Gain (losses) from hedge reserve	23	(176)	(665)	-	-
Restricted reserves	23	82.830	312.427	314.979	1.267.933
Retained earnings or accumulated losses		(91.584)	(345.446)	(137.831)	(898.233)
Net profit or loss for the period		(125.015)	(471.545)	(219.223)	(160.820)
Non-controlling interests		**103.848**	**391.703**	**438.818**	**390.089**
Total liabilities		**2.459.904**	**9.278.511**	**8.252.778**	**7.869.320**
Commitments	18				

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

	Notes	*USD(*) Unaudited Current Period 1 January- 31 December 2017*	*Audited Current Period* 1 January- 31 December 2017	*Audited Prior Period* 1 January- 31 December 2016
Profit or Loss				
Revenue	24	2.778.004	10.478.354	7.754.572
Cost of Sales (-)	24	(2.398.046)	(9.045.189)	(6.476.404)
Gross Profit (Loss)	**24**	**379.958**	**1.433.165**	**1.278.168**
General Administrative Expenses (-)	25	(103.883)	(391.838)	(361.518)
Marketing Expenses (-)	25	(210.966)	(795.743)	(719.433)
Other Income From Operating Activities	27	120.758	455.488	527.843
Other Expenses From Operating Activities (-)	27	(72.558)	(273.680)	(298.383)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	(19.841)	(74.840)	(169.072)
Operating Profit (Loss)		**93.468**	**352.552**	**257.605**
Income from Investment Activities	28	24.506	92.435	159.049
Expenses from Investment Activities (-)	28	(46.931)	(177.018)	(99.986)
Operating Profit (Loss) Before Finance (Expense)/Income		**71.044**	**267.969**	**316.668**
Finance Income	29	150	565	1.543
Finance Expenses (-)	29	(131.981)	(497.821)	(381.631)
Profit (Loss) Before Taxation From Continued Operations		**(60.788)**	**(229.287)**	**(63.420)**
Tax (Expense) Income From Continued Operations	31	**(11.465)**	**(43.245)**	**(85.814)**
Tax (Income) Expense for the Period		(10.292)	(38.821)	(48.943)
Deferred Tax Income/ (Expense)		(1.173)	(4.424)	(36.871)
Profit (Loss) For The Period From Continued Operations		**(72.253)**	**(272.532)**	**(149.234)**
Profit (Loss) For The Period From Discontinued Operations	**30**	**(66.905)**	**(252.360)**	**(84.652)**
Profit (Loss) For The Period		**(139.159)**	**(524.892)**	**(233.886)**
Allocation of Profit (Loss) For The Period				
Attributable to Non-Controlling Interests		(14.143)	(53.347)	(14.663)
Attributable to Equity Holders of the Parent Company		(125.015)	(471.545)	(219.223)
Gain / (Loss) Per Share Attributable to Equity Holders of the Parent Company		(0,05)	(0,180)	(0,084)
Diluted Gain / (Loss) Per Share	32	(0,05)	(0,180)	(0,084)

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

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

	Notes	***USD(*)*** ***Unaudited*** ***Current Period*** **1 January - 31 December 2017**	***Audited*** ***Current Period*** **1 January - 31 December 2017**	***Audited*** ***Prior Period*** **1 January - 31 December 2016**
Profit (Loss) For The Period		**(139.159)**	**(524.892)**	**(233.886)**
OTHER COMPREHENSIVE INCOME				
That will not be reclassified as profit or loss				
Gain (loss) on revaluation of property, plant and equipment		-	-	49.269
Actuarial gains (losses) on defined benefit plans	22	(1.458)	(5.498)	(8.473)
Defined benefit plans remeasurement gains (losses) of investments accounted for by equity method		(166)	(626)	-
Taxes related to other accumulated comprehensive income that will not be reclassified in profit or loss				
Tax effect on gains (losses) on revaluation of property, plant and -equipment		(670)	(2.527)	(2.463)
Tax effect on actuarial gains (losses) on defined benefit plans		292	1.100	1.695
That will be reclassified as profit or loss				
Currency translation differences		21.256	80.175	158.680
Gain (losses) on revaluation and/or reclassification of financial assets available for sale		6.638	25.036	23.561
Other comprehensive income (loss) related with cash flow hedges		(291)	(1.098)	-
Taxes related to other accumulated comprehensive income that will be reclassified in profit or loss				
- *Tax effect on other comprehensive income from cash flow hedges*		64	242	-
- *Tax effect on gain (losses) on revaluation and/or reclassification of financial assets available for sale*		(2.238)	(8.442)	(8.473)
OTHER COMPREHENSIVE INCOME /(LOSS)		**23.426**	**88.362**	**213.796**
TOTAL COMPREHENSIVE INCOME /(LOSS)		**(115.732)**	**(436.530)**	**(20.090)**
Allocation of Total Comprehensive Income/(Loss)				
Attributable to Non-Controlling Interests		(12.505)	(47.169)	51.606
Attributable to Equity Holders of the Parent Company		(103.227)	(389.361)	(71.696)

(*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts presented in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as of 31 December 2017.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

					Accumulated other comprehensive income or loss that will not be reclassified to profit or loss				Accumulated other comprehensive income or loss that will be reclassified to profit or loss			Retained earnings					
	Notes	**Share Capital**	**Adjustments to share capital**	**Repurchased shared**	**Gain/loss on revaluation of property plant and equipment**	**Actuarial gains/losses on defined benefit plans**	**Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method**	**Share premiums/ (discounts)**	**Gain/(loss) on revaluation and/or reclassification of financial assets available for sale**	**Currency translation differences**	**Gain/(losses) from hedge reserves**	**Restricted reserves**	**Retained earnings/ accumulated losses**	**Net profit/ loss for the period**	**Equity attributable to equity holders of the parent company**	**Non controlling interests**	**Equity**
Balances at 1 January 2017	**23**	**2.616.938**	**143.526**	**(2.080)**	**48.007**	**(37.810)**	**-**	**35.159**	**15.602**	**221.961**	**-**	**314.979**	**(137.831)**	**(219.223)**	**2.999.228**	**438.818**	**3.438.046**
Transfers	-	-	-	-	(10.660)	-	-	-	-	-	-	(2.552)	(206.011)	219.223	-	-	-
Dividends																	
- Dividend payment of subsidiaries to non-group companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.912)	(1.912)
Acquisition or disposal of subsidiary																	
- Effect of acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	262	262
- Effect of sale of subsidiary (Note 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200	200
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1.504)	-	(1.504)	1.504	-
Total comprehensive income/(loss)					**(2.527)**	**(3.803)**	**(626)**	**-**	**16.594**	**73.311**	**(665)**	**-**	**(100)**	**(471.545)**	**(389.361)**	**(47.169)**	**(436.530)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	(471.545)	(471.545)	(53.347)	(524.892)
Change in shareholding ratio in subsidiaries	-	-	-	-	-	100	-	-	-	-	-	-	(100)	-	-	-	-
Other comprehensive income (loss)	**-**	**-**	**-**	**-**	***(2.527)***	***(3.903)***	***(626)***	**-**	***16.594***	***73.311***	***(665)***	**-**	**-**	**-**	***82.184***	***6.178***	***88.362***
- Currency translation differences	-	-	-	-	-	-	-	-	-	*73.311*	-	-	-	-	*73.311*	*6.864*	*80.175*
-Change in investment property revaluation reserves					*(2.527)*	-	-	-	-	-	-	-	-	-	*(2.527)*		*(2.527)*
- Actuarial gains (losses) on defined benefit plans		-	-	-		*(3.903)*	*(626)*								*(4.529)*	*(495)*	*(5.024)*
- Change in cash flow hedge reserve	-	-	-	-	-	-	-	-		-	*(665)*	-	-	-	*(665)*	*(191)*	*(856)*
- Change in financial asset revaluation fund	-	-	-	-	-	-	-	-	*16.594*	-	-	-	-	-	*16.594*	-	*16.594*
Balances at 31 December 2017	**23**	**2.616.938**	**143.526**	**(2.080)**	**34.820**	**(41.613)**	**(626)**	**35.159**	**32.196**	**295.272**	**(665)**	**312.427**	**(345.446)**	**(471.545)**	**2.608.363**	**391.703**	**3.000.066**

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

					Accumulated other comprehensive income or loss that will not be reclassified to profit or loss				Accumulated other comprehensive income or loss that will be reclassified to profit or loss			Retained earnings					
	Notes	**Share Capital**	**Adjustments to share capital**	**Repurchased shared**	**Gain/loss on revaluation of property plant and equipment**	**Actuarial gains/losses on defined benefit plans**	**Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method**	**Share premiums/ (discounts)**	**Gain/(loss) on revaluation and/or reclassification of financial assets available for sale**	**Currency translation differences**	**Gain/(losses) from hedge reserves**	**Restricted reserves**	**Retained earnings/ accumulated losses**	**Net profit/ loss for the period**	**Equity attributable to equity holders of the parent company**	**Non controlling interests**	**Equity**
Balances at 1 January 2016	**23**	**2.616.938**	**143.526**	**-**	**11.662**	**(31.032)**	**-**	**35.159**	**514**	**87.357**	**-**	**1.267.933**	**(1.319.115)**	**(160.820)**	**2.652.122**	**390.089**	**3.042.211**
Effect of restatement (*)		-	-	-	-	-	-	-	-	-	-	-	420.882	-	**420.882**	-	**420.882**
Restated balances as of 1 January 2016		**2.616.938**	**143.526**	**-**	**11.662**	**(31.032)**	**-**	**35.159**	**514**	**87.357**	**-**	**1.267.933**	**(898.233)**	**(160.820)**	**3.073.004**	**390.089**	**3.463.093**
Transfers (1)		-	-	-	-	-	-	-	-	-	-	(952.954)	792.134	160.820	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.763)	(2.763)
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.763)	(2.763)
Acquisition or disposal of subsidiary																	
- Effect of acquisition of subsidiary (Note 3)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Effect of sale of subsidiary (Note 30)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries (2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	127	127
Increase (decrease) due to repurchasing of shares		-	-	(2.080)	-	-	-	-	-	-	-	-	-	-	(2.080)	-	(2.080)
Increase / decrease due to other changes (2)		-	-	-	-	-	-	-	-	-	-	-	-	-		(241)	(241)
Total comprehensive income/(loss)		**-**	**-**	**-**	**36.345**	**(6.778)**	**-**	**-**	**15.088**	**134.604**	**-**	**-**	**(31.732)**	**(219.223)**	**(71.696)**	**51.606**	**(20.090)**
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	-	*(219.223)*	*(219.223)*	*(14.663)*	*(233.886)*
Other comprehensive income (loss)		**-**	**-**	**-**	***36.345***	***(6.778)***	**-**	**-**	***15.088***	***134.604***	**-**	**-**	***(31.732)***	**-**	***147.527***	***66.269***	***213.796***
- Currency translation differences		-	-	-	-	-	-			*134.604*			-		*134.604*	*24.076*	*158.680*
- Change in investment property revaluation reserves					*36.345*	-	-	-	-	-	-	-	-		*36.345*	*10.461*	*46.806*
- Actuarial gains (losses) on defined benefit plans						*(6.778)*	-	-	-	-	-	-	-	-	*(6.778)*	-	*(6.778)*
- Change in cash flow hedge reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in financial asset revaluation fund		-	-	-	-	-	-	-	*15.088*	-	-	-	-	-	*15.088*	-	*15.088*
Balances at 31 December 2016	**23**	**2.616.938**	**143.526**	**(2.080)**	**48.007**	**(37.810)**	**-**	**35.159**	**15.602**	**221.961**		**314.979**	**(137.831)**	**(219.223)**	**2.999.228**	**438.818**	**3.438.046**

(1) Gain on sale of associate shares amounting to TL 987.125 presented as "restricted reserves" in the prior years has been transferred to accumulated losses account as of the date of the consolidated statement of financial position due to the completion of the legal period which should be kept in a special fund in accordance with the tax legislation.

(2) Effective rate of the Group in TME increased from 61,01% to 75,54% due to the fact that "non-controlling interests", which did not participate to the capital increase, took place in the capital increase of its subsidiary TME. This transaction was accounted as "equity" transaction and considering that there was no cash movement outside the Group during the capital increase, the change amounting to TL 31.732 in "non-controlling interests" was accounted under " retained earnings or accumulated losses" under shareholders' equity.

(*) Effects of restatement is explained in Note 2.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

	Notes	*USD(*) Unaudited Current Period* **1 January - 31 December 2017**	*Audited Current Period* **1 January - 31 December 2017**	*Audited Prior Period* **1 January- 31 December 2016**
A. Net Cash From Operating Activities		**3.698**	**13.947**	**655.643**
Profit (loss) for the period		**(139.159)**	**(524.892)**	**(233.886)**
Profit (Loss) for the period from continued operations		(72.253)	(272.532)	(149.234)
Profit (Loss) For The Period From Discontinued Operations		(66.905)	(252.360)	(84.652)
Adjustments regarding reconciliation of net profit (loss) for the period		**335.333**	**1.264.844**	**870.689**
Adjustments related to depreciation and amortization	11,14,15	162.500	612.932	486.012
Adjustments related to provision (reversal) of impairment		73.722	278.073	89.927
Adjustments related to provisions				
- Adjustments related to provisions for (reversal of) employee benefits	*22*	*9.345*	*35.249*	*31.063*
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	*17*	*11*	*40*	*15.423*
- Adjustments related to other provisions (reversals)	*9,11*	*12.159*	*45.862*	*21.307*
Adjustments related to interest (income) and expenses				
- Adjustments related to interest income	*27,28*	*(19.281)*	*(72.725)*	*(66.246)*
- Adjustments related to interest expenses	*28,29*	*69.710*	*262.938*	*70.177*
- Deferred financial expense due to purchases with maturity	*27*	*4.373*	*16.495*	*26.085*
- Unearned financial income due from sales with maturity	*27*	*(22.016)*	*(83.041)*	*(58.864)*
Adjustments related to changes in unrealised foreign exchange differences		34.645	130.676	102.298
Adjustments related to fair value (gains) losses	13,21	(443)	(1.670)	(84.715)
Adjustments related to losses (gains) on disposal of non-current assets	28	(1.099)	(4.146)	(4.542)
Adjustments related to undistributed profits of investments accounted for by the equity method	4	19.841	74.840	169.072
Adjustments related to tax income (expense)	31	(2.886)	(10.885)	73.692
Adjustments related to losses (gains) arising from disposal of subsidiaries or joint activities	28	(212)	(800)	-
Adjustments for (income) expense caused by sale or changes in share of associates, joint ventures and financial investments	28	(5.036)	(18.994)	-
Changes in working capital		**(220.858)**	**(833.054)**	**(40.705)**
Adjustments for decrease (increase) in inventories		(41.104)	(155.039)	(63.659)
Adjustments for decrease (increase) in trade receivables				
- Decrease (increase) in trade receivables from related parties		*(17)*	*(65)*	*(5.583)*
- Decrease (increase) in trade receivables from non-related parties		*(206.088)*	*(777.343)*	*(319.225)*
Increase (decrease) in payables due to employee benefits		(130)	(489)	13.402
Adjustments regarding decrease (increase) in other receivables on operations				
- Increase (decrease) in other receivables regarding operations with related parties				
- Increase (decrease) in other receivables regarding operations with non-related parties		*(323)*	*(1.220)*	*22.870*
Adjustments regarding increase (decrease) in trade payables				
- Increase (decrease) in trade payables to related parties		*196*	*740*	*(1.726)*
- Increase (decrease) in trade payables to non-related parties		*86.942*	*327.935*	*205.263*
Adjustments regarding increase (decrease) in other payables on operations				
- Increase (decrease) in other payables regarding operations with non-related parties		*(50.525)*	*(190.576)*	*88.210*
Adjustments for other increase (decrease) in working capital				
- Decrease (increase) in other assets regarding operations		*(21.469)*	*(80.979)*	*31.822*
- Increase (decrease) in other liabilities regarding operations		*11.660*	*43.982*	*(12.079)*
Net Cash From Operating Activities		(24.683)	**(93.102)**	**596.098**
Employee termination benefits paid	22	(8.370)	(31.569)	(22.704)
Income tax refunds (payments)		(10.111)	(38.137)	(37.430)
Other provisions paid	17	(2.124)	(8.013)	(16.695)
Other cash inflow (outflow)	9	6.988	26.357	7.189
Interest received		41.998	158.411	129.185

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

	Notes	*USD(*)* *Unaudited* *Current Period* **1 January - 31 December 2017**	*Audited* *Current Period* **1 January - 31 December 2017**	*Audited* *Prior Period* **1 January- 31 December 2016**
B. Net Cash From Investing Activities		**(174.876)**	**(659.613)**	**(1.048.558)**
Cash outflows regarding capital increase and / or share increase of associates and/or joint ventures		(3.839)	(14.482)	(72.342)
Cash inflows regarding capital decrease and / or share decrease of associates and/or joint ventures		-	-	2.407
Cash inflows from sale of property, plant, equipment and intangible assets		33.625	126.831	48.358
Cash outflows from purchase of property, plant, equipment and intangible assets	14, 15	(255.456)	(963.556)	(787.005)
Cash outflows regarding acquisition of investment properties		(8.714)	(32.870)	(56.244)
Cash outflows regarding derivative instruments		-	-	(179.425)
Cash inflows regarding sale of share and / or debt instruments of other entities or funds		54.074	203.961	-
Cash outflows regarding acquisition of share and / or debt instruments of other entities or funds		(5.125)	(19.332)	(2.227)
Cash flows from losing control of subsidiaries		659	2.486	(2.080)
Cash inflows from sale of shares of subsidiaries that does not cause lose of control		(182)	(686)	-
Other cash inflows (outflows)		10.084	38.035	-
C. Net Cash from Financing Activities		**191.352**	**721.761**	**(168.466)**
Proceeds from borrowings				
Proceeds from bank borrowings		641.748	2.420.611	*1.513.338*
Cash inflows from issued debt instruments		17.835	67.270	-
Cash outflows on debt payments				
Cash outflows due to payments of bank borrowings		*(407.341)*	*(1.536.451)*	*(1.491.540)*
Interest paid		(60.889)	(229.669)	(180.685)
Other cash inflows (outflows)		-	-	(9.579)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		20.174	**76.095**	**(561.381)**
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS		**32.571**	**122.854**	**183.359**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**52.745**	**198.949**	**(378.022)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**400.031**	**1.508.877**	**1.886.899**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**6**	**452.776**	**1.707.826**	**1.508.877**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding", "Holding" or the "Group") was established on 22 September 1980 and is registered in Turkey. Main operating activity of the Holding is to invest in various sectors via associates, to provide all necessary support to its subsidiaries and joint ventures in order to develop their activities.

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since 21 June 1993. Within the frame of Resolution No, 21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency("CRA"), 35,95% shares of Doğan Holding are to be considered in circulation as of 31 December 2017 (31 December 2016: 35,95%). As of 7 March 2018, circulation rate of shares are 35,95%.

The address of Holding's is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34676 İstanbul

As of 31 December 2017, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 8.247 (domestic 7.715) (31 December 2016: 8.635; domestic 7.724). Holding has 118 employees (31 December 2016: 133 employees).

The natures of the business, segment and countries of the subsidiaries ("Subsidiaries") and joint ventures ("Joint Ventures") of Doğan Holding are as follows:

Publishing

Subsidiaries	Nature of business	Country
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Newspaper publishing	Turkey
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Newspaper publishing	Turkey
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung")	Newspaper printing	Germany
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Internet services	Turkey
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Internet services	Turkey
Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Sporarena") (1)	Internet publishing	Turkey
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet Yayıncılığı")	Internet publishing	Turkey
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım")	Distribution	Turkey
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	News agency	Turkey
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Import and export	Turkey
Falcon Purchasing Services Ltd. ("Falcon")	Foreign Trade	England
Doğan Media International GmbH ("DMI")	Newspaper publishing	Germany
Hürriyet Invest B.V. ("Hürriyet Invest")	Investment	Netherland
Trader Media East Ltd. ("TME")	Investment	Jersey
TCM Adria d.o.o. (2)	Investment	Croatia
Mirabridge International B.V.	Investment	Netherland
Publishing International Holding B.V.	Investment	Netherland
OOO RUKOM (3)	Internet publishing	Russia
OOO Pronto Samara	Newspaper and Internet publishing	Russia
OOO Pronto Media Holding Ltd.(4)	Newspaper and Internet publishing	Russia
OOO SP Belpronto	Newspaper and Internet publishing	Belarus
ZAO Pronto Akzhol (5)	Newspaper and Internet publishing	Kazakhstan

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Publishing (continued)

Subsidiaries	**Nature of business**	**Country**
TOO Pronto Akmola [6]	Newspaper and Internet publishing	Kazakhstan
ID Impress Media LLC	Publishing	Russia
OOO Rektcentr	Investment	Russia
Publishing House Pennsylvania Inc.	Investment	USA

Joint Ventures	**Nature of business**	**Country**
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Planning	Turkey
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Magazine publishing	Turkey
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Magazine publishing	Turkey
SP Pronto Kiev	Newspaper and Internet publishing	Ukraine
TOV E-Prostir	Internet publishing	Ukraine

(1) The Company is registered on 6 October 2017.
(2) The related subsidiary is in the liquidation process as of 12 June 2017.
(3) The related subsidiary has ceased operations in 2012.
(4) According to Board of Directors as of 22 November 2017, the related subsidiary has ceased the operations which are in digital platform business.
(5) The related subsidiary is in the liquidation process as of 30 September 2017.
(6) The related subsidiary is in the liquidation process as of 1 Mayıs 2017

Broadcasting

Subsidiaries	**Nature of business**	**Country**
Doğan TV Holding A.Ş. ("Doğan TV Holding")	Tv publishing	Turkey
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	Tv publishing	Turkey
Mozaik İletişim Hizmetleri A.Ş. ("Mozaik" veya "D-smart")	Tv publishing	Turkey
Doğan TV Digital Platform İşletmeciliği A.Ş.("Doğan TV Dijital")	Digital platform and internet services	Turkey
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Tv publishing	Turkey
Osmose Media S.A. ("Osmose Media")	Marketing	Luxembourg
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. ("Doğan Uydu Haberleşme")	Tv publishing	Turkey
Uydu İletişim Basın Yayın A.Ş. ("Uydu")	Tv publishing	Turkey
Doruk Televizyon ve Radyo Yayıncılık A.Ş. ("Doruk Televizyon" veya "CNN Türk")	Tv publishing	Turkey
Doğa Televizyon ve Radyo Yayıncılık A.Ş. ("Doğa TV")	Tv publishing	Turkey
Dark Yapımcılık ve Ticaret A.Ş. ("Dark Yapımcılık")	Tv publishing	Turkey
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Altın Kanal")	Tv publishing	Turkey
Stil Televizyon ve Radyo Yayıncılık A.Ş. ("Stil TV")	Tv publishing	Turkey
Selenit Televizyon ve Radyo Yayıncılık A.Ş. ("Selenit TV")	Tv publishing	Turkey
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş. ("Ekinoks TV")	Tv publishing	Turkey
Fleks Televizyon ve Radyo Yayıncılık A.Ş. ("Fleks TV")	Tv publishing	Turkey
Kutup Televizyon ve Radyo Yayıncılık A.Ş. ("Kutup TV")	Tv publishing	Turkey
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Galaksi TV")	Tv publishing	Turkey
Yörünge Televizyon ve Radyo Yayıncılık A.Ş. ("Yörünge TV")	Tv publishing	Turkey
Tematik Televizyon ve Radyo Yayıncılık A.Ş. ("Tematik TV")	Tv publishing	Turkey
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Süperkanal")	Tv publishing	Turkey
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. ("Eko TV")	Tv publishing	Turkey
Blutv İletişim ve Dijital Yayın Hizmetleri A.Ş. ("Blutv İletişim")	Tv publishing	Turkey
Primeturk GmbH ("Prime Turk")	Marketing	Germany
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş. ("Fun TV")	Tv publishing	Turkey
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Tempo TV")	Tv publishing	Turkey
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş. ("Kanalspor")	Tv publishing	Turkey

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Broadcasting (continued)

Subsidiaries	Nature of business	Country
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş. ("Milenyum TV")	Tv publishing	Turkey
TV2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("TV 2000")	Tv publishing	Turkey
Popüler Televizyon ve Radyo Yayıncılık A.Ş. ("Popüler TV")	Tv publishing	Turkey
Dogan Media International S.A. ("Kanal D Romanya")	Tv publishing	Romania
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("Rapsodi Radyo")	Radio publishing	Turkey
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Music and entertainment	Turkey
Mavi Digital Teknoloji Hizmetleri ve Ticaret A.Ş. ("Mavi Digital")	Internet publishing	Turkey

Retail

Subsidiaries	Nature of business	Country
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("D&R")	Retail	Turkey
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Retail	Turkey
A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret A.Ş. ("A.G.T.Tanıtım")	Retail	Turkey

Energy

Subsidiaries	Nature of business	Country
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Energy	Turkey
Galata Wind Enerji A.Ş. ("Galata Wind")	Energy	Turkey
Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz Akaryakıt")	Energy	Turkey
Aytemiz Petrolcülük Ticaret Limited Şirketi (Aytemiz Petrolcülük")	Energy	Turkey
Doel Elektrik Enerjisi Toptan Satış A.Ş. ("Doel Elektrik") (7)	Energy	Turkey
İstasyon Petrol Ticaret Limited Şirketi ("İstasyon Petrolcülük") (8)	Energy	Turkey

Subsidiaries	Nature of business	Country
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Energy	Turkey
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Energy	Turkey
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Energy	Jersey

(7) The Company of the related subsidiary is registered on 10 April 2017.
(8) The Company of the related subsidiary is registered on 7 April 2017.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Other

Subsidiaries	Nature of business	Country
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Production	Turkey
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Turkey
Ditas America LLC ("Ditas America")	Trade	USA
Ditas Trading (Shanghai) Co. Ltd. ("Ditas Trading")	Trade	People's Republic of China
D Stroy Limited ("D Stroy")	Trade	Russia
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trade	Turkey
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Tourism	Turkey
İlke Turistik Yatırımları A.Ş. ("İlke Turistik")	Tourism	Turkey
Marlin Otelcilik ve Turizm A.Ş. ("Marlin Otelcilik")	Tourism	Turkey
Neta Yönetim Danışmanlık Havacılık Hizmetleri A.Ş. ("Neta Yönetim")	Tourism	Turkey
M Investment 1 LLC ("M Investment")	Real estate	USA
Suzuki Motorlu Araçlar Pazarlama A.Ş. ("Suzuki")	Trade	Turkey
Glokal Motorlu Araçlar Pazarlama A.Ş. ("DAF")	Trade	Turkey
Trend Motosiklet Pazarlama A.Ş. ("Trend Motosiklet")	Trade	Turkey
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Öncü Girişim")	Investment	Turkey
Doruk Faktoring A.Ş. ("Doruk Faktoring") (9)	Factoring	Turkey
Kelkit Doğan Besi İşletmeleri A.Ş. ("Doğan Besi")	Agriculture	Turkey
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Otomotiv")	Trade	Turkey
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Real estate	Romania
DHI Investment B.V. ("DHI Investment")	Investment	Netherland
Doruk Finansman A.Ş. ("Doruk Finansman") (10)	Finance	Turkey
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. ("Değer Merkezi") (11)	Management Consultancy	Turkey

Joint Ventures	Nature of business	Country
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul")	Real estate	Turkey
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Telecommunication	Turkey

(9) The change of legal name from Doğan Faktoring A.Ş. to Doruk Faktoring A.Ş. was registered on 9 November 2017.

(10) The change of trade name from DD Finansman A.Ş. to Doruk Finansman A.Ş. was registered on 7 December 2017. Upon payment of 4,000,000 Euro (full) to the Group as of 25 August 2017, the Group took over shares representing 49% of Doruk Finansman, which is its joint venture through 48% voting rights and is the financing subject to activity (Note 3).

(11) The Company of the related subsidiary is registered on 10 August 2017.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standarts

The accompanying consolidated financial statements are prepared in accordance with 2016 TAS Taxonomy based on the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" and Turkish Accounting Standarts ("TAS") and Turkish Financial Reporting Standarts ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"), which is developed by POA in accordance with paragraph 9(b) of Decree Law No.660 and announced to the public with Decree No: 30 dated 2 June 2016, subsequently further binded to CMB Decree No: 22/805 dated 15 July 2016 and announced to the public by CMB weekly bulletin No: 2016/22 dated 15 July 2016.

The Group maintains their legal books of accounts in Turkish Lira in accordance with the Tax Legislation, and the Uniform Chart of Accounts (General Communiqué on Accounting System Implementation) issued by the Ministry of Finance.

These consolidated financial statements, except for the financial assets and investment properties that are presented at fair value, are prepared on the basis of historical cost.

Adjustment to the financial statements in hyperinflationary periods

In accordance with the decision of CMB dated as 17 March 2005 and numbered 11/367, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TAS. Accordingly, No: 29, "Financial Reporting in Hyperinflationary Economies" ("TAS 29"), has not been applied commencing from 1 January 2005.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of Doğan Holding.

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

2.1 Basis of Presentation (Continued)

2.1.2 Financial statements of subsidiaries and joint ventures operating in foreign countries

Financial statements of subsidiaries and joint ventures operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

If the group entities' functional currency is different from the presentation currency; it is translated into the presentation currency as below:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss are translated at average exchange rates in the accounting period; and all resulting exchange differences are recognised as a separate component of equity and statements of other comprehensive income (currency translation differences).

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.1.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Doğan Holding, its Subsidiaries and its Joint Ventures (collectively referred as the "Group") on the basis set out in sections (a) to (d) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and Note 2.1.2 and application of uniform accounting policies and presentations; adjustments and reclassifications. Financial statements of consolidated entities are restated in accordance with the TAS considering the accounting policies and presentation requirements applied by the Group.

(a) Subsidiaries

Subsidiaries comprise of the companies directly or indirectly controlled by Doğan Holding.

Control is achieved when the Group:

- has power over the company/asset;
- is exposed, or has rights, to variable returns from its involvement with the company/asset; and
- has the ability to use its power to affect its returns.

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are indicators of a situation or an event that may cause any changes to at least one of the elements of control listed above.

When the Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in the relevant investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities (including voting patterns at previous shareholders' meetings).

Subsidiaries are consolidated by the date the Group takes the control and from the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Doğan Holding and/or indirectly by its subsidiaries. In the consolidated financial statements, interests owned by Doğan family members are treated as non-controlling interests and excluded from net asset and profit of the Group.

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Doğan Holding in its subsidiaries are eliminated from equity and income for the period.

Subsidiaries acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

Income and expenses of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Doğan Holding.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

The table below sets out the proportion of voting power held by Doğan Holding, Doğan Family and its subsidiaries and effective ownership interests as of 31 December 2017 and 31 December 2016:

Publishing

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Hürriyet	77,65	77,65	-	-	77,65	77,65	77,65	77,65
Doğan Gazetecilik	92,81	92,81	0,52	0,52	93,33	93,33	92,81	92,81
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Glokal	100,00	100,00	-	-	100,00	100,00	79,29	77,65
Sporarena [1]	100,00	-	-	-	100,00	-	77,65	-
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	99,73	100,00
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Haber	99,99	99,99	-	-	99,99	99,99	99,99	99,99
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
DMI	100,00	100,00	-	-	100,00	100,00	90,52	90,52
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	77,65
TME	97,29	97,29	-	-	97,29	97,29	75,54	75,54
TCM Adria d.o.o. [2]	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing International Holding B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Pronto Ust Kamenogorsk[3]	-	80,00	-	-	-	80,00	-	60,43
OOO RUKOM [4]	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Aktobe [5]	-	64,00	-	-	-	64,00	-	48,35
OOO Pronto Baikal [6]	-	100,00	-	-	-	100,00	-	75,54
OOO Pronto Kazan [7]	-	72,00	-	-	-	72,00	-	54,39
OOO Pronto Oka [8]	-	100,00	-	-	-	100,00	-	75,54
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Media Holding Ltd. [9]	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Utro Peterburga [10]	-	55,00	-	-	-	55,00	-	41,55
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	45,32	45,32
ZAO Pronto Akzhol [11]	80,00	80,00	-	-	80,00	80,00	60,43	60,43
TOO Pronto Akmola [12]	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Atyrau [13]	-	80,00	-	-	-	80,00	-	60,43
OOO Pronto Aktau [14]	-	80,00	-	-	-	80,00	-	60,43
ID Impress Media LLC	91,00	91,00	-	-	91,00	91,00	68,74	68,74
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	75,54	75,54

(1) The Company of the related subsidiary is registered on 6 October 2017.
(2) The related subsidiary is in the liquidation process as of 12 June 2017.
(3) The related subsidiary liquidated as of 23 March 2017.
(4) The related subsidiary has ceased operations in 2012.
(5) The related subsidiary was sold as of 7 June 2017.
(6) The related subsidiary liquidated as of 5 September 2017.
(7) The related subsidiary liquidated as of 15 November 2017.
(8) The related subsidiary liquidated as of 9 June 2017.
(9) According to Board of Directors as of 22 November 2017, the related subsidiary has ceased the operations which are in digital platform business.
(10) The related subsidiary liquidated as of 14 August 2017.
(11) The related subsidiary is in the liquidation process as of 30 September 2017.
(12) The related subsidiary is in the liquidation process as of 1 May 2017.
(13) The related subsidiary was sold as of 16 November 2017.
(14) The related subsidiary liquidated as of 29 September 2017.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

Broadcasting

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Doğan TV Holding [15]	93,22	92,88	0,10	0,11	93,32	92,99	93,22	92,88
Kanal D	94,97	94,97	5,03	5,03	100,00	100,00	88,53	88,21
Mozaik	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	93,30	92,96
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Osmose Media	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Uydu	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Bravo")[16]	-	100,00	-	-	-	100,00	-	92,96
Doğa TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Dark Yapımcılık	100,00	70,00	-	-	100,00	70,00	88,53	61,75
Altın Kanal	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Stil TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Selenit TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Trend Televizyon ve Radyo Yayıncılık A.Ş. ("Trend TV")[17]	-	100,00	-	-	-	100,00	-	92,96
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Fleks TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Kutup TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Galaksi TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Yörünge TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Tematik TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Süper Kanal	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Eko TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Blutv İletişim	100,00	100,00	-	-	100,00	100,00	90,96	90,63
Prime Turk	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Fun TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Tempo TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Kanalspor	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Milenyum TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
TV 2000	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Popüler TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	93,22	92,88
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	93,22	92,88
DMC	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Mavi Digital	100,00	100,00	-	-	100,00	100,00	88,53	88,21

(15) As a result of capital increase in 15 February 2017, effective rate of the related subsidiary has increased to 93,22%. According to the statutory records of the Group, proportion of effective ownership interest of Doğan TV Holding is 93,22%. Nevertheless, in consequence of the option explained in detail in Note 17, by considering the additional share proportion in accordance with TAS 32 "Financial Instruments: Disclosure and Presentation" the rate is calculated as 99,90%. The non-controlling interests subject to share sales options are allocated to Group's share.

(16) The related subsidiary was sold as of 3 April 2017.

(17) The related subsidiary was sold as of 5 May 2017.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

Retail

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
D&R	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Hürservis	100,00	100,00	-	-	100,00	100,00	100,00	100,00
A.G.T. Tanıtım	90,00	90,00	-	-	90,00	90,00	90,00	90,00

Energy

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Tes Elektrik Enerjisi Toptan Satış A.Ş. ("D tes")[18]	-	100,00	-	-	-	100,00	-	100,00
Aytemiz Akaryakıt	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Aytemiz Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Gaziemir Petrol Ticaret Limited Şirketi ("Gaziemir") [19]	-	100,00	-	-	-	100,00	-	50,00
Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet") [19]	-	-	-	-	-	-	-	-
Doel Elektrik [20]	100,00	-	-	-	100,00	-	100,00	-
İstasyon Petrolcülük [21]	100,00	-	-	-	100,00	-	50,00	-

Other

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Çelik Halat	78,85	78,85	-	-	78,85	78,85	78,85	78,85
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Ditas America	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Ditas Trading[22]	100,00	100,00	-	-	100,00	100,00	73,59	73,59
D Stroy	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Marlin Oto Kiralama Seyahat Hizmetleri A.Ş. ("Marlin Oto")[23]	-	100,00	-	-	-	100,00	-	100,00
İlke Turistik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Marlin Otelcilik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Neta Yönetim	100,00	100,00	-	-	100,00	100,00	100,00	100,00
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00

(18) The merge of related subsidiary with Galata Wind has been registered as of 28 December 2017.
(19) The merge of related subsidiary with Aytemiz Petrolcülük has been registered as of 25 December 2017.
(20) The related subsidiary was registered on 7 April 2017.
(21) The related subsidiary was registered on 4 April 2017.
(22) The related subsidiary is in the liquidation process as of 20 January 2017
(23) The merge of related subsidiary with Doğan Enerji has been registered as of 18 August 2017.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

Other (Continued)

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Trend Motosiklet	99,84	99,84	-	-	99,84	99,84	99,84	99,84
DAF	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Öncü Girişim[24]	100,00	100,00	-	-	100,00	100,00	98,20	100,00
Doruk Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	98,86
Orta Anadolu Otomotiv	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Besi [27]	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Değer Merkezi[25]	100,00	-	-	-	100,00	-	100,00	-
Doruk Finansman[26]	97,02	-	2,98	-	100,00	-	97,02	-

(24) After the capital increase performed by partially limiting the related subsidiary's rights to purchase new shares and registered on [2 August 2017], the Group's effective ownership interest was changed in consequence of contributions to the capital by Doğan Gazetecilik, which owns 25% of the shares of Öncü Girişim.
(25) The related subsidiary was registered on 10 August 2017.
(26) Explained in Note 3.
(27) The trade name of Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. was changed as Kelkit Doğan Besi İşletmeleri A.Ş. in 2018.

(b) Non-controlling interests

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as non-controlling interest and non-controlling profit/loss in the consolidated statement of financial position and consolidated statement of income.

(c) Joint Ventures

According to TFRS-11 Joint Agreements, investments under joint agreements are classified as joint activities or joint ventures. The classification is based on contractual rights and obligations of all investors, rather than the legal structure of the joint agreement.

Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

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

2.1 Basis of Presentation (Continued)

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.5 Comparative information and restatement of previously reported financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. The Group presents comparatively its consolidated statement of financial position as of 31 December 2017 with 31 December 2016. Consolidated statement of profit or loss and consolidated other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for the period ended 31 December 2017, are presented comparatively with the financial statements as of the period 1 January-31 December 2016. In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

In accordance with the board decision dated 22 November 2017 of Pronto Media Holding, located in Russia as the indirect subsidiary of Trader Media East Ltd, of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, and classified such operations as "discontinued operations." In order to ensure consistency with the presentation of current period financial statements, the Group included such activities as discontinued operations in the income statement for the accounting period of 1 January-31 December 2016, related footnotes and cash flow statement.

In order to allow the determination of financial position and performance, the Group has made some reclassifications in order to conform to current period financial statements for prior periods. The nature of the classifications and amounts are as follows:

- The "Traffic Support" expenses amounting to TL 5.926 reclassified under "Cost of Sales" in the consolidated income statement for the period 1 January-31 December 2016, has been reclassified as "Marketing Expenses" in the related period in order to comply with the financial statements in the consolence prepared as of 31 December 2017.

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

2.1 Basis of Presentation (Continued)

2.1.6 Significant accounting policies and changes in accounting estimates and errors and restatement of previously reported financial statements

Amendments in the accounting policy due to application of a new Turkish Accounting Standard (TAS) for the first time are applied retrospectively or prospectively in line with transition provisions of such TAS. Significant accounting errors detected are applied retrospectively, and financial statements for the previous period are reorganized. Amendments in accounting estimates are applied in the current period if they are related to a single period, and both in the current period and prospectively if they are related to upcoming periods.

As stated in Note 2.3.1, consolidated financial statements were reorganized retrospectively for TL 420,882. In consequence of this restastatement, no changes were made in consolidated profit and loss statements and consolidated cash flow statements submitted as part of the consolidated financial statements.

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS")

In the current period there is no such standard or interpretation affecting the Group's financial performance, statement of financial position, presentation or note disclosures. However, the details of standards and interpretations effective in the current period but have no effect on the consolidated financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2017:

- Amendments to TAS 7, "Statement of cash flows"; on disclosure initiative effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments TAS 12, "Income Taxes"; effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2017:

    - TFRS 12, "Disclosure of interests in other entities"; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of TFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

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

2.1 Basis of Presentation (Continued)

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

b) Standards and amendments published but not yet effective as of 31 December 2017:

- TFRS 9, "Financial instruments"; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group evaluated the effect of this standard within its operations and does not expected any material impact.The Company plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying TFRS 9, as at 1 January 2018, to retained earnings and not restate prior years. The Company performed a detailed assessment of TFRS 9 during 2017.

- Amendment to TFRS 15, "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The Company plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying TFRS 15, as at 1 January 2018, to retained earnings and not restate prior years. The Company performed a detailed assessment of TFRS 15 during 2017.

- Amendments to TFRS 4, "Insurance contracts" regarding the implementation of TFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The Group has completed detailed assessment related with the effects of aforementioned change on Group's financial position and performance and no significant impact is expected. The amended standard will:
    - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
    - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39.

- Amendment to TAS 40, "Investment property" relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Group has completed detailed assessment related with the effects of aforementioned change on Group's financial position and performance and no significant impact is expected.

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

2.1 Basis of Presentation (Continued)

2.1.7 New and revised Turkish Financial Reporting Standards (“TFRS”) (Continued)

b) Standards and amendments published but not yet effective as of 31 December 2017 (Continued)

- Amendments to TFRS 2, “Share based payments” on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and no significant impact is expected.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
  - TFRS 1, “First time adoption of TFRS”, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10,
  - TAS 28, “Investments in associates and joint venture” regarding measuring an associate or joint venture at fair value.

- TFRS Interpretation 22, “Foreign currency transactions and advance consideration”; effective from annual periods beginning on or after 1 January 2018. This TFRS addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and no significant impact is expected.

- Amendment to TFRS 9, “Financial instruments”; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

- Amendment to TAS 28, “Investments in associates and joint venture”; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

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

2.1 Basis of Presentation (Continued)

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

b) Standards and amendments published but not yet effective as of 31 December 2017 (Continued)

- TFRS 16, '"Leases"; effective from periods beginning on or after 1 January 2019, this standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, updated guidance on the definition of a lease (as well as the updated guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- TFRS Interpretation 23, "Uncertainty over income tax treatments"; effective from periods beginning on or after 1 January 2019. This TFRS clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. TFRS 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRS 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- TFRS 17, "Insurance contracts"; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The mentioned standards above are expected to be effective in 2018 and the following years. The Group has not yet determined the possible effects on its financial statements in consequence of applying such standards, other than the abovementioned effects, and does not expect these differences to have a significant effect on its financial statements.

2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 3,7719 = USD 1,00 as of 31 December 2017. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

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

2.2 Summary of Significant Accounting Policies

Related parties

Related parties are people or entities that are related to the entity (reporting entity) that is preparing its financial statements;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Doğan Şirketler Grubu Holding A.Ş. directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 33).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 6).

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

2.2 Summary of Significant Accounting Policies (Contiued)

Sales and repurchase agreements

Funds given in return for financial assets purchase with the requirement of selling back ("Reverse repo") are recognized as reverse repurchase agreements at consolidated financial statements (Note 6). Income discount is calculated for the difference between the buying and selling prices, determined with aforementioned reverse repo agreements, accrued for the period according to internal discount rate method and recognized by the adding to the cost of reverse repos. Funds provided in return for financial assets reverse repurchase are recognized under cash and cash equivalents in the consolidated financial statements.

Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income ("unearned financial income due to sales with maturity"). Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named "effective interest rate". Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 9).

Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognized as other income from operating activities following the write-down of the total provision amount (Note 9, 27).

Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchasing costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 11).

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changing economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial impairment.

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial instruments

In accordance with TAS 39, the Group classifies its financial instruments as assets held at fair value through profit or loss, held-to-maturity, available-for-sale and loans and receivables. Classification is determined based on the acquisition purpose and specifications of the financial asset at the initial recognition. All financial assets are recognized at cost including transaction costs in the initial measurement.

"Financial assets at fair value through profit or loss" are financial assets that have been acquired principally for the purpose of taking advantage of fluctuations in price and other similar elements or independent from initial recognition financial assets held for trading which are part of a portfolio that has a recent actual pattern of short-term profit-taking. A financial asset is classified in this category if it is primarily acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the statement of financial position. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in "financial income / expenses". Dividends received are recognized as dividend income in the consolidated statement of profit or loss. Financial assets considered as derivative instruments that are not designated for the purpose of hedging instruments are classified as financial assets at fair value thorough profit or loss (Note 21).

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments that the Group intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are carried at amortized cost using the effective interest method less impairment, if any. The Group has no held to maturity investments as of 31 December 2017 and 31 December 2016.

The Group's *"available for sale financial assets"* comprise of quoted equity instruments and certain debt securities that are traded in an active market and they are measured at fair value. Unrealized gains or losses on an available-for-sale financial asset shall be recognized in equity, through the investments revaluation reserves and comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

Financial assets classified by Doğan Holding as "available- for- sale financial assets" that do not have any control power or significant effect have no fair value. When fair value cannot be reliably measured as other fair value estimation methods are not applicable; the carrying value of the financial asset is measured at cost less any impairment loss (Note 7).

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

2.2 Summary of Significant Accounting Policies (Continued)

"Loans and Receivables" are financial assets that have fixed or determinable payments and fixed maturity dates and non-derivative financial assets that are not quoted in an active market.

The gain or loss relating to available for sale financial assets less any impairment loss and exchange gain and loss, is recognized in other comprehensive income. Cumulative gain or loss previously recognized in other comprehensive income is removed from equity and classified to profit or loss as reclassification adjustments. On the other hand, the interests calculated based on the effective interest rate method are accounted for under profit or loss statements (Note 7).

Derivative financial instruments and hedge accounting

Derivative financial instruments, predominantly foreign currency and interest swap agreements and foreign currency forward agreements are initially recognized at their acquisition costs plus the transaction costs. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities in the statement of financial position respectively (Note 21).

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss.

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives is included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or a liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognized in equity are transferred to the income statement.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.2 Summary of Significant Accounting Policies (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. As of the date of the report, the properties held for a currently undetermined future use by the Group management, have been classified as investment properties.

Subsequent to initial recognition, at the end of each year when there is an indication of impairment, in accordance with the appraisal reports obtained from licensed real estate appraisal organizations under the Capital Market Legislation, investment properties are stated at fair value which reflects the market conditions as of the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated profit or loss in the period in which they arise. Deferred tax liability/asset has been calculated from all the temporary differences from investment properties.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in consolidated profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between cost value and fair value at the date of the change is recognized as revaluation fund in consolidated statement of other comprehensive income (Note 13).

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis (except land). The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land and land improvements	5 - 50
Buildings	10 - 50
Machinery and equipment	2 - 28
Motor vehicles	2 - 20
Furniture and fixtures	2 - 15
Development costs of leased tangible assets	2 - 39
Other tangible assets	2 - 50
Leasehold improvements	2 - 25

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

2.2 Summary of Significant Accounting Policies (Continued)

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized in the consolidated statement of financial position upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the consolidated statement of financial position date.

Repair and maintenance expenses are charged to the consolidated statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset.

Gain and losses regarding sale of property, plant and equipment are accounted as other income and expenses from investing activities.

Financial leases

Leases are classified as "finance leases" (for example machinery and equipment leases) by the Group whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with TAS on borrowing costs (Note 8).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.2 Summary of Significant Accounting Policies (Continued)

Operating lease

An operating lease is a lease that does not substantially all the risks and rewards incidental to ownership of an asset (for example, vehicle and building rentals). For operating leases, lease payments (net of any incentives received from the lessor) are recognized as an expense on a straight line basis over the lease term under the consolidated statement of profit or loss.

Intangible assets and related amortization

Intangible assets excluding goodwill and assets with infinite useful lives comprise brand names, customer lists, terrestrial broadcasting permissions and licenses (frequency rights), other identified rights, computer software and television programme rights which are further discussed in Note 2.2. Brand names, customer lists and domain names are determined based on the independent valuation on business combinations. Useful lives of certain brand names are determined to be infinite. Assets that have infinite useful life are not subject to amortization and are tested for impairment at least once a year (Note 15).

Registered subscriber acquisition costs paid by D-smart are capitalized over the subscription commitment period by the Group and capitalized amounts are recognized under intangible assets account. Subscriber acquisition costs are amortized based on the anticipated 3 years period in which the Group expect to recover the cost through revenues from their contracts.

Prepaid dealer agreement amounts have been recognized under intangible assets within the context of usufruct agreements made with certain fuel oil and LPG dealers by Aytemiz Akaryakıt and the duration of these dealer agreements is 5 years.

Intangible assets with useful life are accounted for at acquisition costs and amortized on a straight-line method (Note 15).

Estimated useful lives of intangible assets that have an estimated useful life are as follows:

	Years
Electricity production licences	45 - 47
Trademark	20 - 25
Customer lists	9 - 25
Domain names	3 - 20
Computer software and rights	3 - 15
Dealer agreements	5
Subscriber acquisition costs	3
Other intangible rights	5 - 49

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets with finite useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The amount recoverable from an intangible asset is either the discounted net cash flows generated from the use of that intangible asset or the net sales value of that intangible asset depending whether the former or the latter being higher. Provision for impairment is recognised under the statement of profit or loss in the related period.

Marina utilization right which is held by the Group's subsidiary Milta Turizm and classified in other intangible rights, is being amortized for a period of 49 years regarding the transfer agreement on 13 November 1997 with the Privatization Administration (Note 15).

Development costs

Costs associated with developing web pages are capitalized and amortized by using straight-line method over their estimated useful lives (Note 15). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as general administrative and marketing expenses.

Research expenditures are recorded as expenses on the date they are incurred. Apart from the project expenditures meeting the criteria below, development costs are also recorded as expenses on the date they are incurred:

- If product-related costs can be defined clearly and measured reliably,
- If the technical adequacy/feasibility of the product can be measured,
- If the product will be put up for sale or used within the Group,
- If there is a potential market for the product, or its usability within the Group can be proved,
- If adequate technical, financial and other required resources can be procured for the completion of the project.

The development costs meeting the criteria above are capitalized and amortized with straight-line method of depreciation in line with the related project durations.

Broadcasting programme rights

Television programme rights (foreign series, foreign films and Turkish films) are initially recognised at acquisition cost of the license when the Group controls, in substance, the respective assets and the risks and rewards attached to them. Television programme rights are evaluated to determine if expected revenue is sufficient to cover the unconsumed portion of the program. To the extent that expected revenue is insufficient, the programme rights are written down to their net realizable value.

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

2.2 Summary of Significant Accounting Policies (Continued)

Consumption is based on the transmission of the expected number of runs (vary from two to unlimited) purchased. Amortization of these rights is determined according to release order and number of runs. The appropriateness of the consumption profiles is reviewed regularly by the management. A maximum of 5 runs is applied for the unlimited run purchases. License periods, remaining run rights, sector dynamics and sales forecasts are taken into consideration when determining impairment of programme rights. (Note 15).

The Group has decided to recognize Turkish Series, which were evaluated as program stocks in the previous periods, as program rights starting from1 January 2016 according to which does not have any limitation about the right to sell, have been broadcasted at least six episodes or committed to be broadcasted at least six episodes and have potential to be sold to overseas. Turkish Series classified as program rights are amortized within 5 years (2016: 5 years)

Impairment of assets excluding goodwill and intangible assets with infinite useful lives

At each statement of financial position date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognized in the consolidated statement of profit or loss (Note 15).

Taxation

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of statement of financial position date and includes adjustments related to the previous year's tax liabilities. Turkish tax legislation does not permit a parent company to file a consolidated tax return for its subsidiary and its joint venture. Therefore, tax provisions, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Deferred income tax is provided, using the liability method, on temporary differences arising between the statutory tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.2 Summary of Significant Accounting Policies (Continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 31).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority (Note 31).

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 31).

Financial borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the profit or loss as finance expense over the period of the borrowings (Note 8). The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset.

Financial liabilities regarding to put options of non-controlling interests

Under the terms of certain share purchase agreements, the Group may commit to acquire the interests owned by non-controlling shareholders in subsidiaries, upon the request of non-controlling interest holders. TAS 32, "Financial Instruments: Disclosure and Presentation" requires the value of such put option to be presented as a financial liability on the statement of financial position for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares and not cash. In addition, the share of non-controlling shareholders in the net asset of the company subject to the put option is presented in "other financial liabilities" instead of "non-controlling interests" in the consolidated statement of financial position. The Group presents, at initial recognition, the difference between the exercise price of the option and the carrying value of the non-controlling interests first as a reduction of non-controlling interest and then as addition to the Group's equity. The discount amount and any subsequent change in the fair value of the commitment are recognized in profit or loss as finance income or expense in subsequent periods (Note 8).

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

2.2 Summary of Significant Accounting Policies (Continued)

Employment termination benefits

Under the Turkish Labour Law and Press Labour Law (for employees in the media sector), the Group is required to pay termination benefits to each employee who achieves the retirement age, whose employment is terminated without due cause written in the related laws.

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 22).

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of the statement of financial position date.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised by the Group in the financial statements of the period in which the change occurs.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.
A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 17).

Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognized as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the General Assembly (Note 23).

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition

Revenue is the fair value amount of sales of goods and services received or receivable which resulted from Group’s operations. Net sales represent the invoiced value of goods or services shipped less any trade discounts, rebates and commissions and are presented with the elimination of intercompany balances. Revenue includes the invoiced amount of goods and service sales. It is recognized on an accrual basis over the fair value of acquisition amount based on product or service delivery, transfer of significant risks and rewards related to product to the buyer, reliable estimate of revenue amount and probable economic benefits associated with the transaction will be obtained by the Company.

Revenue is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably or when there is an inflow of economic benefits. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services (Note 24).

Due date difference finance income/expenses represents income/expenses occurring from forward purchases and sales. These incomes/expenses are recognized under other income and expense from operating activities as due date difference income and expense from purchases and sales with maturity during the period (Note 27).

a) Publishing and broadcasting segments

<u>Advertisement revenue</u>

Revenue from advertisements is recognized on an accrual and cut-off basis at the time of broadcasting or printing the advertisement in the related media at the invoiced amounts. The part which is not broadcasted or published yet is recognized as deferred income on the statement of financial position.

<u>Subscription revenue</u>

Subscription revenue includes the income obtained from Pay TV, ADSL internet and magazine. The Group follows Pay TV and ADSL internet and magazine subscriptions as individual and institutional. The subscription is realized in basically two ways as monthly payment and prepaid. Subscription revenues are recognized when the related service is delivered to the customer.

<u>Revenues from circulation, magazine sales and distribution</u>

Revenue from newspaper and magazine sales is recognized on an accrual basis at the time of delivery of the newspapers by the distribution company to the dealer at the invoiced values.

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

(a) Publishing and broadcasting segments (Continued)

Newspaper sales returns and provisions

Provision for newspaper sales returns is accounted at the time of delivery based on past experiences and recent information of sales returns.

Revenue from printing services

Revenue from printing arises from printing services given to both Group companies and third parties by using Group's printing facilities. Related revenue is recognized on an accrual basis at the time of services given.

b) Energy segment

Revenue is the fair value of amount of electricity delivered the event that the consideration received or receivable. Revenue is recorded at the invoiced amounts, on accrual basis. Net sales are shown after deducting, invoiced electricity delivery, sales commissions and sales taxes. Revenue obtained from transmission charges, is shown in the financial statements by netting off with related costs. Fuel sales are measured over the fair value of collected or collectable receivable amounts. Estimated customer returns, discounts and allowances are deducted from the amount in question. Revenue obtained from the sale of fuel is recognized when significant risks and rewards related to product to the buyer are transferred, revenue is reliably measured, in case of an inflow of probable economic benefits associated with the transaction and occurring or to be occurred costs regarding the transaction can be measured reliably.

c) Retail segment

Sale income of books, music, movies, electronics and giftware is recorded on an accrual basis over the invoiced amounts, on the date goods are delivered to the customer, after returns and discounts are deducted.

d) Other segment

Sales revenue is recognized on an accrual basis over the fair value of acquisition amount based on product or service delivery, transfer of significant risks and rewards related to product to the buyer, reliable estimate of revenue amount and most probability that economic benefits associated with the transaction will be obtained by the Company. Net sales have been found by deducting sales returns, discounts and commissions.

Real estate sales (Revenue proceeds from buyers)

The revenue generated from the housing construction projects organized by Milpa, subsidiary of the Group is recognized when the ownership of the risks and rewards of the assets is transferred to the buyer upon the performance of contract terms and the approval of delivery record by the buyer. Real estate sales income is classified under "other" segment.

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

2.2 Summary of Significant Accounting Policies (Continued)

Tourism revenue

Tourism revenue consists of the revenue obtained from hotel accommodation, agency, marina, car rental, and second hand vehicle sale. Hotel accommodation and agency revenue are recognized when the services are offered to the customers. Marina revenue consists of the revenue obtained from the accommodation of vessels and store rents. Such rental revenue is recognised on a straight-line basis over the lease agreements

Rental revenue

The rental revenue from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Vehicle sales revenue

The risk and reward is assumed to be transferred to the buyer when the Special Consumption Tax is paid and the licence is issued and revenue is recognised with the reliable measurement of revenue.

Barter agreements

The Group provides advertising services in return for advertisement and other products and services. When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a revenue generating transaction. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a revenue generating transaction. Revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. If the fair value of the goods or services received is not measured reliably, the revenue is measured at the fair value of the goods or services supplied, adjusted by the amount of any cash or cash equivalents transferred (Note 18). Barter agreements are recognised on an accrual basis.

Business combinations

The acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised as cost as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (Continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

2.2 Summary of Significant Accounting Policies (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date (Note 3).

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Gains or losses resulting from the sale or purchase of subsidiaries under the control of Doğan Holding (transactions that do not result in a change in control) are recognised under equity. TAS 27 (Revised) requires ownership decreases or increases which do not result in a change in control to be recorded under equity for accounting periods beginning on or after 1 July 2009. For accounting periods beginning prior to 1 July 2009, the difference resulted in favor of acquisition value in connection with sale or purchase of subsidiaries under the control of the Group which does not result in a change in control was recognised as goodwill.

Business combination of entities under common control is not under the scope of TFRS 3 Business Combinations. The Group doesn't recognise goodwill for these types of transactions. Difference between cash consideration paid as a result of business combination and net asset of the entity is recognised in "Effect of business combinations comprising of entities under common control" account under retained earnings/ (accumulated losses) in equity (Note 15).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.2 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised under other comprehensive income.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates unless this average is not reasonable approximate of the cumulative effect of the prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions, and
- All resulting exchange differences are recognized in other comprehensive income.

A significant portion of the Group's foreign operations is performed in Russia, Europe and Slovenia ("Russia and Eastern Europe ("EE")). Foreign currencies and exchange rates at 31 December 2017 and 31 December 2016 are summarized below:

Country	Currency	31 December 2017	31 December 2016
Eurozone	Euro	4,5155	3,7099
Russia	Ruble	0,0651	0,0573
USA	USD	3,7719	3,5192
Romania	New Lei	0,9637	0,8131
Kazakhistan	Tenge	0,0113	0,0106

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

2.2 Summary of Significant Accounting Policies (Continued)

Segment Reporting

Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. The Group operations were monitored and reported as five main segments as of 31 December 2017; "Publishing", "Broadcasting" "Retail", "Energy" and "Other" by the management. The Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements. As the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary (Note 5).

In segment reporting, intra-segmental operations are recognised at segment level and inter-segmental operations are recognised as eliminations at consolidation level.

Earnings/ (loss) per share

Earnings/ (loss) per share is determined by dividing net income/ (loss) by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their issued capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all of the periods presented in the financial statements. Therefore, the weighted average number of shares used in earnings per share computations are made with regards to the distribution of shares occurred in the prior years (Note 32).

Non-current assets held for sale and discontinued operations

Assets held for sale are operations that the Group disposes of or classified as available for sale and cash flows which can be treated as a part separately from the Group. Assets classified as held for sale by the Group and discontinued operations, are measured at the lower of the carrying amount of assets and liabilities related to discontinued operations and fair value less costs to sell (Note 30).

Discontinued operations are components of an entity that either have been disposed of or represented as a major part of an entity separately from the Group's operations and cash flows. Operating results as of the Group has ceased its control over its disposal groups are presented separately under "discontinued operations" in the consolidated statement of profit or loss. Prior period consolidated statement of profit or loss is restated for comparative purposes and the results of discontinued operations are also classified under the "discontinued operations" account.

To the results of operations of discontinued operations, gain/ (loss) and tax expense occurring from the sale are included. Gain/ (loss) amount from the sale is calculated as the difference between the book value of net assets disposed and sales value.

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

2.2 Summary of Significant Accounting Policies (Continued)

Government grants

Government grants are not recognized in the financial statements until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants which are financial assets, should be recognized as deferred revenue in the consolidated statement of financial position rather than recognised in the statement of profit or loss to clarify the expenditure item that is financed and transferred to profit or loss on a systematic and rational basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates (Note 16).

Subsequent events

In the case that events requiring a correction to be made occur subsequent, the Group makes the necessary corrections to the financial statements.

In the case that events not requiring a correction to be made occur subsequent, those events are disclosed in the notes of consolidated financial statements (Note 37).

Statement of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's activities.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with three months or less to maturity.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

a) Impairment of goodwill and intangible assets

In accordance with the accounting policy mentioned in Note 2.2, goodwill is annually tested for impairment by the Group. Recoverable amount of cash generating units are measured based on the value in use calculations.

The analysis for goodwill impairment for the period ended 31 December 2017 has been performed as explained in detail below by the Group.

The recoverable amount of cash generating units is determined by calculating the amount that would be obtained through sales. These calculations are measured based on estimated cash flows after tax using financial budgets covering a five-year period. EBITDA estimates (gross margin before budgeted interest, tax, depreciation and amortization, provision for impairment and other non-operating expenses) have a significant role in these calculations.

The EBITDA margin percentages and discount rates for the estimated future cash flows beyond the five-year period are as follows:

	31 December 2017		31 December 2016	
	EBITDA margin rate (%) (1)	Discount rate (%) (2)	EBITDA margin rate (%) (1)	Discount rate (%) (2)
Broadcasting	17,00-30,00	15,97	21,00	15,46
Publishing				
Russia	3,70-11,10	17,90-22,10	42,90	18,00
Turkey	17,40	18,00	11,28	16,70

(1) Average budgeted EBITDA margin in the projection period
(2) Weighted average cost of capital rate.

a) Impairment of goodwill and intangible assets (Continued)

The analysis for goodwill impairment for the period ended 31 December 2017 and 31 December 2016 has been performed as explained in detail below by the Group. Recoverable amount of cash generating units are calculated based on value in use. These calculations are measured based on estimated cash flows after tax using financial budgets covering a five-year period. EBITDA estimates (gross margin before budgeted interest, tax, depreciation and amortization, provision for impairment and other non-operating expenses) have a significant role in these calculations.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

The EBITDA margin percentages and discount rates for the estimated future cash flows beyond the five-year period are as follows:

	31 December 2017		31 December 2016	
	EBITDA margin rate (%)	Discount rate (%)	EBITDA margin rate (%)	Discount rate (%)
TME	3,70-11,10	17,90-22,10	42,90	18,00

Group management recognized impairment loss for intangible assets amounting to TL 279.097 and TL 77.148 for the period 1 January-31 December 2017 and 1 January - 31 December 2016 respectively. Impairment loss for intangible assests are due to the decrease in the budgeted financial performance of TME (Note 15,28).

In accordance with the accounting policy mentioned in Note 2.2, goodwill is annually tested for impairment by the Group. Recoverable amount of cash generating units are calculated based on the value in use. These calculations require making estimations. This impairment test is conducted by comparing present and carrying values of cash flows, which are calculated within the scope of five-year plans of the Group's goodwill generating business units.

Broadcasting and Publishing

The Group has used a growth rate of 26% for the next year and a weighted average annual growth rate of 12% for next four years in revenue estimates based on financial budgets over five years presented to the board of directors and has discounted the corresponding cash flows by 15.97%. The fixed growth rate of 3% was used to estimate the cash flows to be generated in the periods after the projection period. The sensitivity analysis of the impairment study is as follows:

- If the post-tax discount rate used in the calculation of discounted cash flows was 1% higher/lower, as of 31 December 2017, value-in-use calculated would be lower by TL55.623 or higher by TR65.271.
- If a weighted average annual growth rate used in the estimation of revenue that are main driver of the calculation of discounted cash flows was 1% higher/lower, as of 31 December 2017, value-in-use calculated would be higher by TL245.792 or lower by TL160.370.

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

a) Impairment of goodwill and intangible assets (Continued)

<u>*Broadcasting and Publishing (Continued)*</u>

- If the fixed growth rate used to estimate the cash flows to be generated in the periods after the projection period was 1% higher/lower, as of 31 December 2017, value-in-use calculated would be higher by TL31.770 or lower by TL27.222.

As a result of the goodwill impairment tests made using the above assumptions, no impairment was detected as of 31 December 2017.

<u>*Publishing*</u>

- If the fixed discount rate used to estimate the cash flows to be generated in the periods after the projection period was 1% higher/lower, as of 31 December 2017, reduced value of net cash flows to be generated by the group would be higher by TL18.478 or lower by TL15.770.

As a result of the goodwill impairment tests made using the above assumptions, no impairment was detected as of 31 December 2017.

b) *VAT amount subject to discount within the scope of law no: 6111*

As of November 2011, the Group management considered the VAT principle amounting to TL 454.281 imposed as a consequence of share exchanges and transfers recognised in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon (the related subsidiary merged with D Yapım in 2013 and dissolve without liquidation) and Alp Görsel (the related subsidiary merged with Doğan TV in 2014 and dissolved without liquidation) and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of "recourse VAT invoice" by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TL 367.990 and TL 86.291 have been recognised in the statutory records of D Yapım and Doğan TV Holding respectively. Due to the specific nature of the transaction and considering precautionary principle, the Group management adopted the policy that such "Deductible VAT" should not be recorded as an asset in the consolidated financial statements based on its actual utilization in subsequent taxation periods. However, the Group management revised the issue at this point, restated the consolidated financial statements as of 31.12.2016 in line with the opinion it formed considering the previous actual utilization performance of such "Deductible VAT" asset as per the applicable legislation and relevant declaration and audit applications, and recognized TL 6.281 of the related "deductible VAT" asset in "other current assets" and TL 414.601 in "other non-current assets."

c) *Probable liabilities related to the share sales agreement signed with Commerz-Film GmbH*

Estimates and assumptions relating to the Group's given repurchase commitments to Axel Springer AG are described in detail in Note 17.

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

d) *Useful lives of intangible assets*

Useful lives of some trademarks are estimated to be infinite by the Group management (Note 15). Where useful lives of related intangible assets are definite (in case of 20 years), amortization of such intangible assets' would increase by TL 254 (2016: TL 10.797) and profit before tax and non-controlling interests would decrease by TL 254 (2016: TL 10.797).

Amortization is recognized by the Group considering the useful lives of trademarks, customer lists and internet domain names with definite useful lives disclosed in Note 2.2.

If useful lives of trademarks, customer lists and internet domain names differ 10% from the management's expectations, the effect over the financial statements would be as follows:

- if useful lives were 10% higher, amortization would decrease by TL 23 and profit before tax and non-controlling interests would increase by TL 23 (2016: TL 1.425); or

- if useful lives were 10% lower, amortization would increase by TL 28 and profit before tax and non-controlling interests would decrease by TL 28 (2016: TL 1.742)

e) Deferred tax assets

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS published by POAASA and their statutory financial statements. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. The Group, considering the future income projections, recognized deferred tax assets amounting to TL 32.579 (31 December 2016: TL 19.853) arising from carry forward tax losses amounting to TL 162.895 as of 31 December 2017 (31 December 2016: TL 99.266). As of 31 December 2017, deferred tax assets not calculated arising from carry forward tax losses are TL 1.580.789 (31 December 2016: TL 1.416.965) (Note 31).

f) Provision for doubtful trade receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers. Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. Additionally, the Group asseses to provide provision for its receivables for which there are no special agreed guarantees and overdue for more than a year. As of 31 December 2017, doubtful provision is TL 257.243 (31 December 2016: TL 273.204) (Note 9).

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

f) Provision for doubtful trade receivables (Continued)

Prepaid phone card (prepaid minutes) sales related with mobile telecommunication services and newspaper sales (excluding transactions with related parties and newspapers distributed through subscription system) are carried at gross value in the consolidated financial statements by the Group.

Management believes that the decision to record revenue gross versus net is a matter of professional judgment that is dependent upon the relevant facts and circumstances. The Group considers the following factors and indicators in coming to the conclusion.

- The Group has the option to determine the selling price, within the existing economic limitations,
- General inventory risk of goods mentioned above belongs to the Group. The Group purchases newspapers from suppliers and sells them to its dealers through its distribution network. The Group returns unsold newspapers from dealers to the original supplier. General inventory risk is about approximately a week for newspaper sales,
- The Group has the collection risk associated with the transaction.

g) Investment properties

Important assumptions of the Group Management regarding the ongoing investments are disclosed in Note 13.

NOTE 3 - BUSINESS COMBINATIONS

<u>Acquisition of Hakimiyet Petrol's shares</u>

The Group purchased the remaining 50% share of Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet Petrol"), which was a joint venture that Group had 50% voting rights, as of 30 March 2017 for TL 50.000 (exact). The purchase made in accordance with the Group's growth and oil sales targets in the energy market in Turkey. The Group's portion of the difference between net cash inflow and net liabilities as of acquisition date is recognized as goodwill impairment (Note 28) (31 December 2016:None). The merge of related subsidiary with Aytemiz Petrolcülük has been registered on 25 December 2017.

<u>Acquisition of Doruk Finansman's shares</u>

49% of the shares of Doruk Finansman, of which the Group was holding 48% of the voting rights, was transferred to the Group, and TL 16.408 was paid to the Group as the share transfer of Doruk Finansman is also considered to be a transfer of financial liability within the scope of prospective capital and operational cash requirements. As at the acquisition date, considering acquisition in business combinations gradually, total amount of Group's portion corresponding to net cash inflows and net assets were recognised under income from investing activities (Note 28). The mentioned net assets were recognized based on the reasonable values, which were determined by distributing the purchase price to related financial statement items, in consequence of the evaluation study for determining identifiable assets and obligations necessary for recognition by using the purchase method in accordance with TFRS 3 Business

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Acquisition of Doruk Finansman's shares (Continued

Combinations ("TFRS 3") standard.

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Joint ventures of Doğan Holding are presented below. Joint venture's nature of businesses, segments, registered countries and entrepreneurial partners are summarized as following:

Joint venture	Country	Nature of business	Entrepreneurial partner
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. ve Anadolu Endüstri Holding A.Ş.
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Burda GmbH
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Egmont
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Newage Alzarooni Limited
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul)	Turkey	Real Estate	Rönesans Gayrimenkul Yatırım A.Ş.
SP Pronto Kiev	Ukraine	Newspaper and Internet	Feba Ltd., Tov Astra Publishing İnternational Holding B.V
TOV E-Prostir	Ukraine	Internet publishing	Adrey I. Parkhomenko, Dimitrienko S. Nadia G. Malyarova
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.

The table below sets out the Joint Ventures, Doğan Holding and its subsidiaries and Doğan family voting power and effective ownership interests at 31 December 2017 and 31 December 2016:

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Joint Ventures	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
ASPM Holding B.V. (1)	-	51,00	-	-	-	51,00	-	38,53
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
Doruk Finansman (2)	-	48,00	-	3,00	-	51,00	-	48,00
Doğan Burda	45,02	45,02	0,27	0,27	45,29	45,29	45,02	45,02
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	50,00	50,00
DPP	56,00	56,00	-	-	56,00	56,00	56,00	56,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Hakimiyet Petrol(3)	-	50,00	-	-	-	50,00	-	25,00
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	37,77	37,77
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	37,77	37,77
Ultra Kablolu(4)	50,00	50,00	-	-	50,00	50,00	50,00	50,00

(1) The related joint venture went into liquidation as of 10 August 2017.

(2) Explained in Note 3.

(3) The merge of related subsidiary with Aytemiz Petrolcülük has been registered on 25 December 2017.

(4) The related joint venture has ceased its operations as of November 2006.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

Profit and loss arising from the transactions between the Group's subsidiaries and its joint ventures are eliminated in accordance with the Group's share in its related subsidiary or its joint venture. The summary of the Group's share of the financial statements of the investments accounted for by the equity method as of 31 December 2017 and 31 December 2016 are as follows:

31 December 2017	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit/ (loss)
Doruk Finansman[(1)]	-	-	-	-	3.132	(4.404)	(2.114)
Gas Plus Erbil	494.374	1.768	492.606	246.303	-	(769)	(385)
Kandilli Gayrimenkul	171.036	8.964	162.072	81.036	-	18.741	9.371
Doğan Burda	51.220	28.090	23.130	10.413	80.437	(3.079)	(1.386)
Diğer	75.194	33.912	41.282	20.663	75.391	5.500	2.724
Total	**791.824**	**72.734**	**719.090**	**358.415**	**158.960**	**15.989**	**8.210**
Boyabat Elektrik [(2)]	1.896.790	3.223.328	(1.326.538)	(296.969)	285.528	(514.327)	(70.369)
Aslancık Elektrik	450.455	490.579	(40.124)	(13.373)	82.612	(38.048)	(12.681)

(1) Explained in Note 3. It comprise of the Group's share until the acquisition date.
(2) Doğan Holding has given bail amounting to USD 78.732 (TL 296.969) (31 December 2016: USD 64.390 (TL 226.601) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is calculated by taking into account the application of of TAS 28 item 39 and the Group's share of net liabilities at Boyabat Elektrik, even if the net assets of the Group have fallen to zero or below, It is limited to the amount of guarantee the Holding gives to the project financing loan.

31 December 2016	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit/ (loss)
Doruk Finansman	85.756	77.581	8.175	3.924	25.259	(43.348)	(20.807)
Gas Plus Erbil	441.627	7.188	434.439	217.220	-	(2.434)	(1.217)
Kandilli Gayrimenkul	147.835	4.505	143.330	71.665	-	6.028	3.014
Doğan Burda	54.224	27.689	26.535	11.946	89.485	(3.977)	(1.790)
Diğer	62.040	25.728	36.312	18.716	55.907	431	189
Total	**791.482**	**142.691**	**648.791**	**323.471**	**170.651**	**(43.300)**	**(20.611)**
Aslancık Elektrik	462.297	464.372	(2.075)	(692)	102.689	(44.673)	(14.890)
Boyabat Elektrik	2.085.027	2.882.785	(797.758)	(226.601)	255.442	(490.045)	(133.571)

The movements of investments accounted for by the equity method for the related period are as follows:

	2017	**2016**
1 January	96.178	153.816
Dividend income from Joint Ventures	(298)	(2.407)
Currency translation differences	14.987	41.499
Share of Gain (Loss) on Investments Accounted for by the Equity Method	(74.840)	(169.072)
Capital increase	14.482	72.342
Actuarial gains (losses) on defined benefit plans	(626)	-
Disposal [(*)]	(1.810)	-
31 December	**48.073**	**96.178**

(*) Explained in Note 3.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

Condensed financial information after consolidation adjustments of Joint Ventures is as follows:

Condensed statement of financial position information:

31 December 2017	**Boyabat Elektrik**	**Aslancık Elektrik**	**Doruk Finansman**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Other**	**Total**
Cash and cash equivalents	1.049	17.611	-	1.641	482	13.259	1.048	35.090
Other current assets	52.075	8.317	-	8	-	31.832	66.953	159.185
Other non-current assets	1.843.666	424.527	-	169.387	493.892	6.129	7.193	2.944.794
Total assets	**1.896.790**	**450.455**	**-**	**171.036**	**494.374**	**51.220**	**75.194**	**3.139.069**
Short-term borrowings	417.596	110.647	-	-	-	-	6.023	534.266
Other short-term liabilities	64.921	33.363	-	23	968	20.280	26.069	145.624
Liabilities regarding finance sector	-	-	-	-	-	-	-	-
Long-term borrowings	2.574.502	346.214	-	-	-	-	-	2.920.716
Other long-term liabilities	166.309	355	-	8.941	800	7.810	1.820	186.035
Total liabilities	**3.223.328**	**490.579**	**-**	**8.964**	**1.768**	**28.090**	**33.912**	**3.786.641**
Net assets:	(1.326.538)	(40.124)	-	162.072	492.606	23.130	41.282	(647.572)
Group's share	0,33	0,33	-	0,50	0,50	0,45		
Group's net asset share	**(296.969)**	**(13.373)**	**-**	**81.036**	**246.303**	**10.413**	**20.663**	**48.073**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

Condensed statement of financial position information (Continued):

31 December 2016	**Boyabat Elektrik**	**Aslancık Elektrik**	**Doruk Finansman**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Other**	**Total**
Cash and cash equivalents	49.661	6.711	34.778	35	49	14.926	6.571	112.731
Other current assets	99.108	20.135	50.021	1.794	-	34.631	48.223	253.912
Other non-current assets	1.936.258	435.451	957	146.006	441.578	4.667	7.246	2.972.163
Total assets	**2.085.027**	**462.297**	**85.756**	**147.835**	**441.627**	**54.224**	**62.040**	**3.338.806**
Short-term borrowings	285.880	80.777	-	-	-	-	3.160	369.817
Other short-term liabilities	26.629	28.418	1.672	225	6.442	19.391	22.138	104.915
Liabilities regarding finance sector	-	-	75.909	-	-	-	-	75.909
Long-term borrowings	2.423.088	354.903	-	-	-	-	-	2.777.991
Other long-term liabilities	147.188	274	-	4.280	746	8.298	430	161.216
Total liabilities	**2.882.785**	**464.372**	**77.581**	**4.505**	**7.188**	**27.689**	**25.728**	**3.489.848**
Net assets:	(797.758)	(2.075)	8.175	143.330	434.439	26.535	36.312	(151.042)
Group's share	0,33	0,33	*0,48*	*0,50*	*0,50*	*0,45*		
Group's net asset share	**(226.601)**	**(692)**	**3.924**	**71.665**	**217.220**	**11.946**	**18.716**	**96.178**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

1 January - 31 December 2017	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman[1]	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	285.528	82.612	3.132	-	-	80.437	75.391
Operating profit/(loss)	6.121	24.728	(5.032)	20.930	(706)	(3.860)	8.057
Net financial (expense)/income	(512.736)	(66.096)	-	151	(37)	(192)	1.420
Profit/(loss) before income tax	(506.615)	(41.368)	(4.882)	21.082	(769)	(3.971)	3.281
Currency translation differences	-	-	-	-	29.974	-	-
Total comprehensive income/(loss)	**(514.327)**	**(38.048)**	**(4.404)**	**18.741**	**29.205**	**(3.079)**	**5.500**
Group's share	*0,33*	*0,33*	*0,48*	*0,50*	*0,50*	*0,45*	
Group's net share on profit/(loss)	**(70.369)**	**(12.681)**	**(2.114)**	**9.371**	**(385)**	**(1.386)**	**2.724**

(1) Explained in Note 3. It comprise of the Group's share until the acquisition date.

1 January- 31 December 2016	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	255.442	102.689	25.259	-	-	89.485	55.907
Operating profit/(loss)	94.394	38.570	(36.314)	7.598	(2.358)	(4.303)	10.156
Net financial (expense)/income	(574.754)	(97.302)	(504)	-	(39)	(208)	(1.477)
Profit/(loss) before income tax	(480.360)	(58.732)	(34.764)	433	(2.434)	(4.506)	2.173
Currency translation differences	-	-	-	-	82.997	-	82.997
Total comprehensive income/(loss)	**(490.045)**	**(44.673)**	**(43.348)**	**6.028**	**80.563**	**(3.977)**	**431**
Group's share	*0,33*	*0,33*	*0,48*	*0,50*	*0,50*	*0,45*	
Group's net share on profit/(loss)	**(133.571)**	**(14.890)**	**(20.807)**	**3.014**	**(1.217)**	**(1.790)**	**189**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING

a) External revenue

	1 January - 31 December 2017	1 January - 31 December 2016
Publishing	1.151.350	1.100.177
Broadcasting	1.122.167	1.091.013
Retail	802.214	676.007
Energy	6.500.615	4.334.052
Other	902.008	553.323
	10.478.354	**7.754.572**

b) Profit/(loss) before income tax

	1 January - 31 December 2017	1 January - 31 December 2016
Publishing	31.880	68.335
Broadcasting	(160.809)	(118.218)
Retail	16.185	3.211
Energy	(11.011)	(117.241)
Other	(105.532)	100.493
	(229.287)	**(63.420)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended 1 January - 31 December 2017:

	Publishing	Broadcasting	Retail	Energy	Other	Inter Segment Elimination	Total
External revenue	1.151.350	1.122.167	802.214	6.500.615	902.008	-	10.478.354
Inter segment revenue	64.948	28.360	1.028	32.149	24.822	(151.307)	-
Total revenue	**1.216.298**	**1.150.527**	**803.242**	**6.532.764**	**926.830**	**(151.307)**	**10.478.354**
Revenue	1.216.298	1.150.527	803.242	6.532.764	926.830	(151.307)	10.478.354
Cost of sales	(883.991)	(953.576)	(493.658)	(6.125.962)	(677.762)	89.760	(9.045.189)
Gross profit/(loss)	**332.307**	**196.951**	**309.584**	**406.802**	**249.068**	**(61.547)**	**1.433.165**
General administrative expenses	(136.051)	(104.426)	(28.220)	(32.422)	(124.795)	34.076	(391.838)
Marketing expenses	(147.461)	(145.679)	(265.053)	(215.154)	(49.080)	26.684	(795.743)
Share of gain/(loss) on investments accounted for by the equity method	1.685	-	-	(83.434)	6.909	-	(74.840)
Other income/(expenses) from operating activities, net	8.105	19.673	1.487	82.790	70.626	(873)	181.808
Income/(expenses) from investing activities, net	21.945	43	7.170	3.502	(115.503)	(1.740)	(84.583)
Financial income/(expenses), net	(48.650)	(127.371)	(8.783)	(173.095)	(142.757)	3.400	(497.256)
Profit/(loss) before tax from continuing operations	**31.880**	**(160.809)**	**16.185**	**(11.011)**	**(105.532)**	**-**	**(229.287)**
Loss after tax from discontinued operations	**(252.360)**	**-**	**-**	**-**	**-**	**-**	**(252.360)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended 1 January - 31 December 2016:

	Publishing	Broadcasting	Retail	Energy	Other	Inter Segment Elimination	Total
External revenue	1.100.177	1.091.013	676.007	4.334.052	553.323	-	7.754.572
Inter segment revenue	38.548	23.866	846	31.689	40.883	(135.832)	-
Total revenue	**1.138.725**	**1.114.879**	**676.853**	**4.365.741**	**594.206**	**(135.832)**	**7.754.572**
Revenue	1.138.725	1.114.879	676.853	4.365.741	594.206	(135.832)	7.754.572
Cost of sales	(805.080)	(837.540)	(409.509)	(4.046.868)	(449.940)	72.533	(6.476.404)
Gross profit/(loss)	**333.645**	**277.339**	**267.344**	**318.873**	**144.266**	**(63.299)**	**1.278.168**
General administrative expenses	(131.274)	(103.464)	(24.221)	(25.674)	(117.731)	40.846	(361.518)
Marketing expenses	(166.443)	(127.767)	(227.574)	(182.618)	(35.408)	20.377	(719.433)
Share of gain/(loss) on investments accounted for by the equity method	534	-	-	(149.506)	(20.100)	-	(169.072)
Other income/(expenses) from operating activities, net	47.915	(54.142)	(7.385)	60.505	179.135	3.432	229.460
Income/(expenses) from investing activities, net	26.003	(1.013)	(97)	3.784	34.045	(3.659)	59.063
Financial income/(expenses), net	(42.045)	(109.171)	(4.856)	(142.605)	(83.714)	2.303	(380.088)
Profit/(loss) before tax from continuing operations	**68.335**	**(118.218)**	**3.211**	**(117.241)**	**100.493**	**-**	**(63.420)**
Loss after tax from discontinued operations	**(84.652)**	**-**	**-**	**-**	**-**	**-**	**(84.652)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets

Total assets	**31 December 2017**	**31 December 2016**
Publishing	1.580.089	1.706.149
Broadcasting	1.774.132	1.697.097
Retail	424.847	315.537
Energy	2.525.337	1.730.603
Other	9.805.647	9.025.193
Total	**16.110.052**	**14.474.579**
Less: segment elimination [1]	(6.831.541)	(6.221.801)
Total assets per consolidated financial statements	**9.278.511**	**8.252.778**

Shareholder's equity	**31 December 2017**	**31 December 2016**
Publishing and broadcasting	1.025.510	1.176.026
Retail	89.019	80.391
Energy	1.293.352	1.172.536
Other	7.876.697	7.737.620
Total	**10.284.578**	**10.166.573**
Less: segment elimination[2]	(7.676.215)	(7.167.345)
Total shareholders' equity per consolidated financial statements	**3.000.066**	**3.438.046**
Non-controlling interests	391.703	438.818
Equity attributable to equity holders of the parent company	**2.608.363**	**2.999.228**

[1] Segment elimination amount consists of the elimination of the shares of publishing, broadcasting, retail, energy and other companies and reciprocal debit and credit balances between publishing, broadcasting, retail, energy and other segment.

[2] Segment elimination amount represents reciprocal elimination of adjusted capital amount within all segment's total equity and subsidiary amount.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

e) Purchase of property, plant and equipment, intangible assets and investment properties and depreciation and amortization charge

	1 January - 31 December 2017	1 January - 31 December 2016
Purchases		
Publishing	45.030	45.995
Broadcasting	455.439	347.861
Retail	25.282	12.704
Energy	376.990	255.984
Other	108.669	180.705
Total	**1.011.410**	**843.249**
Depreciation and amortisation		
Publishing	29.272	41.251
Broadcasting	382.525	285.694
Retail	9.597	9.146
Energy	126.983	107.243
Other(1)	57.162	31.487
Total	**605.539**	**474.821**

(1) Depreciation expense related to other segment amounting to TL 138 has been recognised under inventory account (31 December 2016: TL 145).

NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Cash	9.214	7.475
Banks		
- demand deposits	215.401	173.837
- time deposits	1.379.444	1.226.385
Other liquid assets	104.408	104.466
	1.708.467	**1.512.163**

As of 31 December 2017, the gross effective interest rates of USD, EUR and TL denominated time deposits are between gross 1,00% and 4,00% (31 December 2016: 0,35% and 3,59%), 0,01% and 1,85% (31 December 2016: 0,01% and 2,00%) and 1,00% and 15,00% (31 December 2016: 2,00% and 11,60%), respectively and the maturity of the time deposits is shorter than 3 months.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2017, other liquid assets consist of credit card slip receivables amounting to TL 104.408 (31 December 2016: TL 104.435). Blocked deposits are not available (31 December 2016: TL 31).

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 31 December 2017, 2016 are as follows:

	31 December 2017	31 December 2016	31 December 2015
Cash and cash equivalents	1.708.467	1.512.163	1.894.260
Accrued interest (-)	(641)	(3.286)	(7.361)
Cash and cash equivalents	**1.707.826**	**1.508.877**	**1.886.899**

NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

The Group's available for sale financial assets classified as short term financial investments are as follows:

	31 December 2017	31 December 2016
Private sector bonds and bills	71.741	114.882
Blocked deposits [(1)]	2	173.870
	71.743	**288.752**

(1) As of 31 December 2017, Doğan Holding has blocked bank deposits for other subsidiaries amounting to TL 2 (As of 31 December 2016 guarantees given of USD 26.000 (TL 91.499), TL 80.000 blocked bank deposits for its subsidiary Mozaik, and TL 2.371 blocked bank deposits for other subsidiaries).

Private sector bonds and bills are dominated in TL and USD and their weighted average interest rates are annually 15,68% and 5,36% respectively (31 December 2016: TL 13,40%, USD 4,41%).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 7 - FINANCIAL INVESTMENTS (Continued)

b) Long-term financial investments

The Group's available for sale financial assets classified as long term financial investments are as follows:

	31 December 2017		31 December 2016	
	TL	**(%)**	**TL**	**(%)**
Lexin Nassau L.P.[(1) (2)]	96.080	22,15	70.059	22,15
Mediterra Capital Partners I LP	10.665	1,88	-	-
Sosyo Plus Bilgi Bilişim Teknoloji. Dan.Hiz.Tic.A.	5.191	3,28	579	1,64
Mediterra Capital Partners II LP	3.750	2,23	1.797	2,23
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.	2.700	<1	1.700	<1
Düş Yeri Bilişim Teknolojileri ve Animasyon A.Ş.	2.653	3,75	-	-
Other	4.098	<1	2.581	<1
	125.137		**76.716**	

(1) Lexin Nassau L.P. is classified under long term investments of M Investment, a subsidiary of the Group. The investment is accounted for as available-for-sale financial assets and at 31 December 2017 the fair value is recorded at TL 96.080 (USD 25.473). Group, paid TL 2.208 (USD 600) for the capital increase of Lexin Nassau L.P. made on 11 April 2017 and participated in its own share

(2) As the following situations are not present, the Group does not carry out any significant activities on the subsidiary:

- Being represented by the board of directors or similar executive body of the invested entity,
- Participating in the entity's policy determination processes including dividends or other distribution decisions,
- Carrying out important transactions between the investor and investee entities,
- Providing know-how required for business operations or administrative officer exchange between entities.

The movements of long-term financial investments for the related period are as follows:

	2017	**2016**
1 January	76.716	41.598
Purchase of available for sale financial assets	16.124	2.376
Change in fair value		
Recognized in equity	*22.565*	*23.212*
Recognized in the statement of income	*3.784*	-
Currency translation differences	2.740	9.530
Capital increase	3.208	-
31 December	**125.137**	**76.716**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowings

The reconciliation of the net financial borrowings as of 31 December 2017 and 2016 are as follows:

	2017	**2016**
Cash and cash equivalents (Note 6)	1.707.826	1.508.877
Short term borrowings	(2.617.603)	(1.393.837)
Long term borrowings	(747.215)	(895.383)
Other financial liabilities	(666.291)	(519.829)
	(2.323.283)	**(1.300.172)**

	Short and long term borrowings	**Cash and cash equivalents**	**Net financial liability**
Balances as of 1 January 2017	**(2.809.049)**	**1.508.877**	**(1.300.172)**
Cash flow effect	(951.429)	73.449	(877.980)
Effect of acquisition of subsidiary	(58.343)	-	-
Foreign currency adjustments	(162.524)	122.855	(39.669)
Interest accrual, net	(49.764)	2.645	(47.119)
Balances as of 31 December 2017	**(4.031.109)**	**1.707.826**	**(2.323.283)**

The details of financial borrowings at 31 December 2017 and 31 December 2016 are as follows:

Short-term borrowings:	**31 December 2017**	**31 December 2016**
Short term bank borrowings	1.491.156	1.078.271
Financing bond (*)	66.916	-
Factoring borrowings	-	9.440
Finance lease borrowings	151	717
Total	**1.558.223**	**1.088.428**

Short-term portion of long-term borrowings:	**31 December 2017**	**31 December 2016**
Short-term portion of long-term bank borrowings	1.059.380	305.409
Total	**1.059.380**	**305.409**

Long-term borrowings:	**31 December 2017**	**31 December 2016**
Long term bank borrowings	747.215	895.251
Finance lease borrowings	-	132
Total	**747.215**	**895.383**

(*) The Group's subsidiary, Doruk Faktoring, issued and sold "discounted" bonds to qualified investors, without a public offering, on 20 September 2017. The nominal value of the bonds amounting to TL 90.000.000 (exact) with the maturity of 177 days. The interest rate until maturity is 7,23% and the annual interest rate is 14,90%. The financing bonds that the Group purchased discounted amount including accrued interest TL 17.018.682 (exact) , were eliminated on consolidation.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)

Details of the bank borrowings as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017			31 December 2016		
	Interest rate per annum (%)	Original currency	TL	Interest rate per annum (%)	Original currency	TL
Short-term bank borrowings:						
TL denominated bank borrowings	4,30-19,00	1.209.567	1.209.567	3,00 - 14,20	687.334	687.334
USD denominated bank borrowings	2,48-2,97	13.521	50.999	3,50 - 3,50	7.394	26.021
EUR denominated bank borrowings	0,75-3,75	48.956	221.062	0,75 - 3,05	94.267	349.721
Other bank borrowings	12,51 – 12,51	145.500	9.528	12,63 - 13,41	265.093	15.195
Sub total			**1.491.156**			**1.078.271**
Short-term financing bills:						
TL denominated financing bills	-	66.916	66.916	-	-	-
Sub total			-			-
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	5,50-17,33	445.856	445.856	3,00 - 13,50	98.398	98.398
USD denominated bank borrowings	3,7 - 5,34	32.304	121.848	4,55 - 4,58	29.828	104.969
EUR denominated bank borrowings	2 - 5,71	108.886	491.676	0,75 - 4,70	27.505	102.042
Sub total			**1.059.380**			**305.409**
Total short-term bank borrowings:			**2.617.452**			**1.383.680**
Long-term bank borrowings:						
TL denominated bank borrowings	5,5 - 16,5	360.863	360.863	3,00 - 13,25	370.205	370.205
USD denominated bank borrowings	-	-	-	4,75 - 4,75	25.000	87.980
EUR denominated bank borrowings	2,15 - 4,67	79.180	357.539	0,75 - 4,70	117.810	437.066
Other bank borrowings	12,33 - 12,33	440.000	28.813	-	-	-
Total long-term bank borrowings			**747.215**			**895.251**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)

The redemption schedule of long-term bank borrowings as of 31 December 2017 and 31 December 2016 is as follows:

	31 December 2017	31 December 2016
2018	61.851	759.066
2019	459.607	96.831
2020	134.179	15.539
2021 and after	91.578	23.815
	747.215	**895.251**

The floating rate bank borrowing of the Group denominated in USD have an interest rate of Libor + 3,80% and floating rate bank borrowings denominated in EUR have interest rates fluctuating between Euribor + 2,60% and Euribor + 5,00% (31 December 2016: USD Libor +0,75 and Libor+ 3,70%, Euribor +2,15% and Euribor+3,85%).

Carrying value of the financial liabilities is considered to be same with the fair value since discount effect is not material. The Group borrows loans on fixed and floating interest rates.

Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through finance leases. As of 31 December 2017, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 151 (31 December 2016: TL 849).

The redemption schedules of long-term leasing payables at 31 December 2017 and 31 December 2016 are summarized below.

	31 December 2017	31 December 2016
2018 and after	-	132
Total	**-**	**132**

Allocation of borrowings with fixed and floating interest rates of the Group excluding financial liabilities to be paid to the suppliers as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Financial borrowings with fixed interest rates (Note 34)	2.798.258	1.718.751
Financial borrowings with floating interest rates (Note 34)	566.560	570.469
Total	**3.364.818**	**2.289.220**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)

b) Other financial liabilities

As of 31 December 2017 and 31 December 2016, details of other financial liabilities are presented below.

Other long term financial liabilities:	**31 December 2017**	**31 December 2016**
Financial liabilities due to call and put options (Note 17)	666.291	519.829
	666.291	**519.829**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables from non- related parties	**31 December 2017**	**31 December 2016**
Trade receivables	2.197.200	1.542.715
Notes and cheques receivable	278.457	221.861
Income accruals	15.639	6.209
Total	**2.491.296**	**1.770.785**
Less: Unearned financial income due to sales with maturity	(9.507)	(11.907)
Less: Provision for doubtful receivables (-)	(257.243)	(273.204)
Total	**2.224.546**	**1.485.674**

The average maturity of not overdue trade receivables of the Group that are followed by Doruk Faktoring is between 72 to 104 days as of the statement of financial position date(31 December 2016: 73 - 111 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is 15,38% (31 December 2016: 12,68%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aformentioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

Long-term trade receivables	**31 December 2017**	**31 December 2016**
Notes and cheques receivable (1)	30.380	31.292
Unearned financial income due to sales with maturity	(8.597)	(6.034)
	21.783	**25.258**

(1) There is TL 30.120 (31 December 2016: TL 30.721) from fuel sales in receivable notes, a gross amount of TL 260 (31 December 2016: TL 457) from other activities in long term receivable notes, a discounted long term receivable note of TL 21.604 (31 December 2016: TL 24.768), and TL 179(31 December 2016: TL 394) from other activities. The TL 114 of receivable notes as of 31 December 2016 results from Milpa's (a Group subsidiary) forward sales from the Automall and Veneris projects between 2012 and 2015.

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movements of provisions for doubtful receivables for the related period are as follows:

	2017	**2016**
1 January	(273.204)	(275.324)
Provision booked in the current period (Note 27)	(51.082)	(35.393)
Written off trade receivables [(1)]	42.642	29.419
Currency translation differences	(1.180)	2.161
Collection and provision related to discontinued operations	(990)	(1.256)
Disposal of subsidiary	214	-
Collections and reversal of provisions	26.357	7.189
31 December	**(257.243)**	**(273.204)**

(1) The Group has decided to derecognise the receivables recorded as doubtful within prior periods, in accordance with the provisional article 7 of TCC, which are from the companies extracted from trade registry and the companies that have completed ordinary liquidation process and the companies dissolved by commercial courts’ decision and the companies dissolved by bankruptcy estate and also determined as bad debts, from the statement of financial position

Guarantees for trade receivables

As of 31 December 2017, although trade receivables amounting to TL 281.744(31 December 2016: TL 221.016), were overdue, they were not assessed as doubtful receivable (Note 34). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

As of 31 December 2017, the Group has collateral, pledge, mortgage and surety amounting to TL 533.623 (31 December 2016: TL 370.084) for trade receivables amounting to TL 2.246.329 (31 December 2016: TL 1.510.932) from non-related parties (Note 34).

The guarantees received consist of bank guarantee letter amounting to TL 373.069(31 December 2016: TL 9.553), bails and mortgages amounting to TL 65.126(31 December 2016: TL 76.922), cheques and notes amounting to TL 62.265(31 December 2016: TL 254.488), receivable insurance amounting to TL 32.284 (31 December 2016: TL 28.626) and vehicle pledge amounting to TL 879 (31 December 2016: TL 495). Among these guarantees, bank guarantee letter amounting to TL 37.389, bails and mortgages amounting to TL 20.623, receivable insurance amounting to TL 6.242, were received for overdue but not impaired receivables. There is no notes to this period. (31 December 2016: bank guarantee letter amounting to TL 8.978, bails and mortgages amounting to TL 20.409, cheques and notes amounting to TL 12.915, vehicle pledge amounting to TL 495, receivable insurance amounting to TL 6.104 were received for overdue but not impaired receivables) (Note 34).

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables to non-related parties

	31 December 2017	31 December 2016
Trade payables	1.196.669	909.755
Provision for liabilities and expenses	68.999	32.298
Other payables	20.778	2.897
Less: unearned finance expense due to purchases with maturity	(8.288)	(5.840)
Total	**1.278.158**	**939.110**

The average maturity of trade payables is between 36 to 113 days as of 31 December 2017 (31 December 2016: 34 to 92 days). The maturity of the trade payables of the Group varies and the effective interest rate applied for trade payables is 15,38% (31 December 2016: 12,68%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from non-related parties	31 December 2017	31 December 2016
Notes receivables (1)	13.412	7.151
TEİAŞ power transmission line receivables (2)	7.259	3.240
Deposits and guarantees given	3.578	2.413
Receivables from the sale of investment property (3)	2.523	1.450
Receivables from dealers regarding agreement terminations	-	1.631
Other miscellaneous receivables (4)	1.998	1.161
Total	**28.770**	**17.046**

Other long-term receivables from non-related parties	31 December 2017	31 December 2016
Notes receivables (1)	16.031	23.955
Deposits and guarantees given	3.401	3.000
Receivables from sale of investment property (3)	122	1.878
TEİAŞ power transmission line receivables (2	)-	249
Total	**19.554**	**29.082**

(1) Comprises of the receivables from the sale of property, plant and equipment of Neta. Receivables with a maturity of 50 months will be collected until 5 August 2020. TL 15.813 (31 December 2016: TL 23.164) of long-term notes receivables comprise of the receivables from the sale of property, plant and equipment of Neta.

(2) The amount comprises of the receivables of Galata Wind from the power transmission line of TEİAŞ.

(3) The amount comprises of the receivables due to the sale of Kargir apartment of Hürriyet, subsidiary of the Group, located in Güvenevler neighborhood, Çankaya district, Ankara Province.

(4) The amount comprises of the receivables arising from non-commerical activities of the subsidiaries.

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables	**31 December 2017**	**31 December 2016**
Taxes and funds payable	120.597	88.813
Tax base increase payables	2.913	2.331
Deposits and guarantees received	1.622	1.162
Other short term payables [(1)]	23.823	139.809
Total	**148.955**	**232.115**

Other long term payables	**31 December 2017**	**31 December 2016**
Deposits and guarantees received	12.778	13.346
Tax base increase payables	932	2.431
Other long term payables [(1)]	-	103.672
Total	**13.710**	**119.449**

(1) As of 31 December 2016, significant portion of the related amount consists of short- and long-term debt of Aytemiz Akaryakıt -a subsidiary of the Group- to Aytemiz Family with a principal balance of USD 58,260. The principal of the mentioned debt was paid in two installments on 14 July and 16 December 2017.

NOTE 11 - INVENTORIES

	31 December 2017	**31 December 2016**
Finished goods and merchandise	444.973	337.026
Raw materials and supplies	122.700	93.889
Semi-finished goods	10.376	14.274
Other inventories	29.861	7.319
	607.910	**452.508**
Provision for impairment of inventory (-)	(5.948)	(11.158)
Total	**601.962**	**441.350**

Depreciation and amortization expenses amounting to TL 138 have been included in cost of inventories as of 31 December 2017 (31 December 2016: TL 145).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 11 - INVENTORIES (Continued)

The movement of the provision for impairment of inventories for the periods ended 31 December 2017 and 2016 are as follows:

	2017	**2016**
1 January	(11.158)	(14.540)
Reversal of provision for impairment of inventories	5.856	6.445
Provision booked in the current period (Note 27)	(646)	(3.063)
31 December	**(5.948)**	**(11.158)**

NOTE 12 - BIOLOGICAL ASSETS

As of 31 December 2017, there is no biological assets of Doğan Besi, a subsidiary of the Group (31 December 2016: TL 215).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 13 - INVESTMENT PROPERTIES

The movements of investment properties for the periods ended 31 December 2017 and 2016 are as follows:

	1 January 2017	Additions	Disposals	Transfers[1]	Currency translation differences	Adjustment for fair value [2]	31 December 2017
Land	428.092	28.148	(24.337)	(24.250)	(223)	3.820	411.250
Buildings	141.778	19.706	(23.813)	-	12.826	3.200	153.697
Net book value	**569.870**	**47.854**	**(48.150)**	**(24.250)**	**12.603**	**7.020**	**564.947**

	1 January 2016	Additions	Disposals	Transfers[1]	Currency translation differences	Adjustment for fair value [2]	31 December 2016
Land	224.110	24.189	-	96.459	23	83.311	428.092
Buildings	151.965	32.055	(21.125)	(29.835)	7.865	853	141.778
Net book value	**376.075**	**56.244**	**(21.125)**	**66.624**	**7.888**	**84.164**	**569.870**

(1) The warehouse in Istanbul-Küçükçekmece, which the Group followed under "investment properties" in previous periods, was classified under "tangible fixed assets" in the current period, because it started to use it in the operations of group companies. The Group's lands and buildings, which were followed under "tangible fixed assets" in previous periods, were classified under "investment properties" in the current period in 2016 based on their fair value determined in the updated valuation report.

(2) Group obtained fair value report of the investment properties considering the effect of currency appreciation on the land and residential unit prices, and other factors and recognized TL 7.020 fair value adjustment. (31 December 2016: 84.164 TL).

The Group has generated a rent income of TL 4.101 from investment properties (2016: TL 3.605). Direct operating costs incurred within the current period regarding investment properties is TL 199 (2016: TL 231). There is no collateral or mortgage on investment properties of the Group

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 13 - INVESTMENT PROPERTIES (Continued)

As of 31 December 2017, the investment properties of the Group comprise of parts of buildings held to earn rentals, lands and properties acquired within the context of barter agreements.

Level reclassification of financial assets and liabilities measured at fair value

Investment properties of the Group, has been valued by the CMB licensed real estate valuation establishments using the market comparison analysis approach, cost approach and direct capitalisation approach methods. As a result, it was determined that the values calculated from different approaches is similar and consistent with the market comparison method and value has been determined according to the market comparison method. Real estate valuation establishments are authorized by CMB and provide property valuation appraisal services in accordance with the capital markets legislation and have sufficient experience and qualifications regarding the fair value measurement of the real estate in related regions.

Some of the financial assets and financial liabilities of the Group are reflected at their fair values to the financial statements at every statement of financial position date. The following table gives information on how to determine the fair values of the related financial asset and liabilities:

			Fair value level as of the reporting date		
Financial Assets / Financial Liabilities	**Fair value**		**1. Level**	**2. Level**	**3. Level**
	31 December 2017	**31 December 2016**			
Investment properties	564.947	569.870		564.947	

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the periods ended 31 December 2017 and 2016 are as follows:

	1 January 2017	Additions	Disposals	Transfers	Provision/reversal for impairment	Disposal of subsidiary	Acquisiton of subsidiary	Currency translation differences	Provision for impairment classified in discontinued operations[1]	31 December 2017
Cost:										
Land and land improvements	182.821	24.748	(12.725)	228	4.118	-	128	2.561	-	201.879
Buildings	130.169	25.593	(413)	(28.223)	(2.834)	-	-	2.912	(793)	126.411
Machinery and equipment	1.228.635	102.479	(4.331)	82.199	-	(216)	5	21.368	-	1.430.139
Motor vehicles	206.997	18.499	(81.439)	-	-	-	-	346	-	144.403
Furniture and fixtures	495.489	42.978	(31.392)	2.093	-	(44)	313	1.034	(3.365)	507.106
Development costs of leased tangible assets	121.640	17.145	(4.939)	6.394	-	(2)	785	754	(240)	141.537
Other tangible assets	125.314	39.208	(987)	-	-	-	-	546	-	164.081
Construction in progress	121.153	176.008	(2.710)	(178.073)	-	-	-	19	(8)	116.389
	2.612.218	**446.658**	**(138.936)**	**(115.382)**	**1.284**	**(262)**	**1.231**	**29.540**	**(4.406)**	**2.831.945**
Accumulated depreciation:										
Land and land improvements	5.549	448	(527)	(575)	-	-	79	-	-	4.974
Buildings	84.630	28.228	(133)	(51.956)	-	-	-	2.287	(624)	62.432
Machinery and equipment	882.114	42.200	(3.063)	2	-	(216)	4	20.660	-	941.701
Motor vehicles	57.401	16.972	(35.225)	-	-	-	-	291	-	39.439
Furniture and fixtures	293.184	43.384	(18.680)	10	-	(42)	199	864	(3.277)	315.642
Development costs of leased tangible assets	73.685	12.265	(2.531)	-	-	(2)	748	380	(240)	84.305
Other tangible assets	47.754	16.486	(512)	-	-	-	-	286	-	64.014
	1.444.317	**159.983**	**(60.671)**	**(52.519)**	**-**	**(260)**	**1.030**	**24.768**	**(4.141)**	**1.512.507**
Net book value	**1.167.901**									**1.319.438**

As of 31 December 2017, total depreciation expenses amounting to TL 613.070 (2016: TL 486.157) corresponding tangible assets amounting to TL 159.983(2016: TL 145.211) and intangible assets amounting to TL 453.087 (2016: TL 340.946) are allocated by TL 436.018(2016: TL 330.153) to cost of sales (Note 24), TL 138.906 (2016: TL 114.303) to marketing expenses and TL 30.616 (2016: TL 30.365) to general administrative expenses (Note 25), TL 7.393(2016: TL 11.191) to discontinued operations and TL 138 (2016: TL 145) of amortization expenses are recognised in inventories.

There is a mortgage of TL 22.578 on property, plant and equipment as of 31 December 2017 (31 December 2016: TL 24.114). Net book value of property, plant and equipment acquired by leasing is TL 2.789 as of 31 December 2017 (31 December 2016: TL 3.396).

(1) The Group revised the carrying value of tangible fixed assets, and recognized impairment in discontinued operations (Note 30).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2016	Additions	Disposals	Transfer	Adjustments[1]	Currency translation differences	31 December 2016
Cost:							
Land and land improvements	147.923	858	(15)	20.413	12.138	1.504	182.821
Buildings	190.623	1.840	(4.851)	(49.026)	(14.097)	5.680	130.169
Machinery and equipment	1.224.922	9.757	(7.065)	3.396	(16.517)	14.142	1.228.635
Motor vehicles	89.727	130.609	(13.400)	-	(277)	338	206.997
Furniture and fixtures	478.658	35.370	(18.334)	1.770	(4.558)	2.583	495.489
Development costs of leased tangible assets	117.386	15.880	(4.840)	295	(7.664)	583	121.640
Other tangible assets	88.617	39.779	(784)	-	(2.611)	313	125.314
Construction in progress	78.317	62.491	(959)	(18.067)	(706)	77	121.153
	2.416.173	**296.584**	**(50.248)**	**(41.219)**	**(34.292)**	**25.220**	**2.612.218**
Accumulated depreciation:							
Land and land improvements	5.063	495	-	-	(9)	-	5.549
Buildings	107.764	7.347	(904)	(22.330)	(9.737)	2.490	84.630
Machinery and equipment	833.696	58.509	(3.763)	(1.184)	(18.765)	13.621	882.114
Motor vehicles	55.480	12.572	(10.371)	3.617	(4.189)	292	57.401
Furniture and fixtures	262.621	41.899	(9.833)	(229)	(3.571)	2.297	293.184
Development costs of leased tangible assets	74.842	11.921	(3.458)	-	(9.888)	268	73.685
Other tangible assets	35.618	12.468	(492)	-	-	160	47.754
	1.375.084	**145.211**	**(28.821)**	**(20.126)**	**(46.159)**	**19.128**	**1.444.317**
Net book value	**1.041.089**						**1.167.901**

(1) The Group management revised the carrying values of tangible fixed assets within the period. The cost and accumulated depreciation classification between fixed asset items as well as the adjustment of net book value of TL 11,867 were reflected in the Group's financial statements in consequence of this evaluation.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS

Other intangible assets:

Movements of the intangible assets for the periods ended 31 December 2017 and 2016 are as follows:

	1 January 2017	Additions	Disposals	Currency translation differences	Acquisition of subsidiary	Disposal of subsidiary	Discontinued operations (2)	Transfer	31 December 2017
Cost									
Customer list	289.292	-	(4.184)	13.551	-	-	(38.425)	-	260.234
Trade names	7.876	-	-	-	-	-	-	-	7.876
Trade names related to Media segment	222.805	228	-	56.157	-	-	(235.034)	-	44.156
Electricity production license	354.644	-	-	-	-	-	-	-	354.644
Other	584.597	59.880	(4.063)	(5.710)	4.084	(1.443)	(13.098)	933	625.180
	1.459.214	**60.108**	**(8.247)**	**63.998**	**4.084**	**(1.443)**	**(286.557)**	**933**	**1.292.090**
Accumulated amortization:									
Customer list	233.574	2.320	(4.180)	28.520	-	-	-	-	260.234
Trade names	2.756	1.575	-	-	-	-	-	-	4.331
Trade names related to Media segment	34.934	320	-	3.578	-	-	-	-	38.832
Electricity production license	22.094	7.647	-	-	-	-	-	-	29.741
Other	433.929	57.377	(7.797)	(5.198)	2.377	(978)	(7.465)	105	472.350
	727.287	**69.239**	**(11.977)**	**26.900**	**2.377**	**(978)**	**(7.465)**	**105**	**805.488**
Dealer agreements	225.467								235.117
Television programme rights	159.478								225.877
	1.116.872								**947.596**

Movement of television programme rights and dealer agreements for 2017 is as follows:

	1 January 2017	Additions	Depreciation (1)	Currency translation differences	Disposal of subsidiary	31 December 2017
Dealer agreements	225.467	86.571	(76.921)	-	-	235.117
Television programme rights	159.478	370.219	(306.927)	3.143	(36)	225.877

(1) TL 123.036 (2016: TL 99.656) of TL 306.927 (2016: TL 221.999) of total programme rights amortisation is recognised under the television program rights amortisation and the remaining TL 183.891 (2016: TL 122.343) is recognised under television programme production costs (Note 24).

(2) The Group revised the carrying value of tangible fixed assets, and recognized impairment in discontinued operations (Note 30).

Part of domestic series costs, presented as "programme inventory" in the previous periods and recorded as programme expense on the date of its broadcasting, were started to be presented as "programme rights" as of 1 January 2016 (Note 2).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

	1 January 2016	Additions	Disposals	Currency translation differences	Adjustments	Acquisition of subsidiary	Disposal of subsidiary	Impairment	Transfer	31 December 2016
Cost										
Customer list	221.027	-	-	68.265	-	-	-	-	-	289.292
Trade names	7.876	-	-	-	-	-	-	-	-	7.876
Trade names related to Media segment	146.760	-	(5)	76.050	-	-	-	-	-	222.805
Electricity production license	354.644	-	-	-	-	-	-	-	-	354.644
Other	511.106	58.258	(3.632)	18.117	73	-	-	-	675	584.597
	1.241.413	**58.258**	**(3.637)**	**162.432**	**73**	**-**	**-**		**675**	**1.459.214**
Accumulated amortization:										
Customer list	120.383	7.813	-	44.099	-	-	-	61.279	-	233.574
Trade names	1.181	1.575	-	-	-	-	-	-	-	2.756
Trade names related to Media segment	19.535	732	-	4.124	-	-	-	10.543	-	34.934
Electricity production license	14.447	7.647	-	-	-	-	-	-	-	22.094
Other	376.349	41.388	(2.373)	13.035	204	-	-	5.326	-	433.929
	531.895	**59.155**	**(2.373)**	**61.258**	**204**	**-**	**-**	**77.148**	**-**	**727.287**
Dealer agreements	135.251									225.467
Television programme rights	109.203									159.478
	953.972									**1.116.872**

Movement of television programme rights and dealer agreements for 2016 is as follows:

	1 January 2016	Additions	Depreciation	Currency translation differences	Impairment	Disposal of subsidiary	31 December 2016
Dealer agreements	135.251	150.008	(59.792)	-	-	-	225.467
Television programme rights	109.203	282.155	(221.999)	2.898	(12.779)	-	159.478

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

Intangible assets with indefinite useful lives

As of 31 December 2017, the Group has determined that trademarks with carrying value of TL 5.078 have indefinite useful lives (31 December 2016: TL 215.940). The utilization period of trademarks with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Goodwill

The Group has goodwill amounting to TL 403.713 as of 31 December 2017 (31 December 2016: TL 403.713).

NOTE 16 - GOVERNMENT GRANTS

Ditaş, a subsidiary of the Group, benefits from the insurance premium incentive, regional incentive (Law no: 56486), incentive of the social security institution and minimum wage (Law no: 56645) under the scope of Social Security and General Health Insurance Law (Law no: 5510). In this context, the incentive of the insurance premium amounting to TL 792 (31 December 2016: TL 385) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 December2017. The Group’s subsidiary Hürriyet utilised incentives amounting to TL 3.970 within the scope of SSI and income tax, a 5% Employer’s Share Incentive as per Law No. 5510, an Employer’s Share Incentive as per Law No. 5746, a Minimum Wage Support Incentive as per Law No. 6661, a Disabled Insured Incentive as per Law No. 4857, a Prioritised Towns SSI Employer’s Share Incentive as per Law No. 46486 and an R&D Income Tax Incentive as per Law No. 5746 (31 December 2016: None). As of 31 December 2017, aforementioned incentives amounting to TL 3.970 and TL 792 has expiry date of 31 December 2018 and 31 December 2020, respectively.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	**31 December 2017**	**31 December 2016**
Provision for lawsuits and indemnity	29.001	36.459
Other	7.723	4.039
	36.724	**40.498**

Movement of lawsuit provisions for the periods ended 31 December 2017 and 2016 is as follows:

	2017	**2016**
1 January	**36.459**	**37.315**
Additions in the current period (Note 27)	10.116	20.762
Currency translation differences	(34)	416
Payments of provisions	(8.013)	(16.695)
Additions during the period due to discontinued operations	549	-
Reversal of provisions booked in prior periods	(10.076)	(5.339)
31 December	**29.001**	**36.459**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(a) Lawsuits

The amount of lawsuits filed against the Group is TL 82.044 as of 31 December 2017 (31 December 2016: TL 85.208).

	31 December 2017	31 December 2016
Legal cases	55.054	63.821
Commercial cases	16.336	10.108
Business cases	10.066	11.076
Other	588	203
Total	**82.044**	**85.208**

Provision for lawsuits filed against the Group whose details are given above amounting to TL 29.001 has been provided with reference to the opinions of the Group's legal advisors and past experience of management related to similar litigations against the Group (31 December 2016: TL 36.459). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against publishing and broadcasting companies and lawsuits initiated by the Radio and Television Supreme Council.

(b) Commitments and contingent liabilities related to the share acquisition agreement with Commerz Film GmbH:

Amendment of the Share Purchase and the Shareholder Agreements

The "Share Purchase" and the "Shareholders Agreements" dated 19.11.2009 signed between Doğan Holding, our direct subsidiaries Doğan TV Holding A.Ş. (DTV) and Doğan Yayın Holding A.Ş. (has ceased due to dissolution without liquidation) and Axel Springer A.G.'s direct subsidiaries Commerz-Film GmbH and Hauptstadtsee 809. V GmbH (together the Axel Springer Group) and dated 16.11.2006 signed between Doğan Yayın Holding A.Ş. (has ceased due to dissolution without liquidation) and Axel Springer A.G. have been amended on 2 October 2014. Accordingly;

1- Provided that it shall take place earliest on 30 January 2015, and to be used in return for EUR 50.000, the Axel Springer Group has a "put option" for 34.183.593 (exact) shares, and Doğan Holding had a "commitment to buy" ("DTV Put Option I") and Doğan Holding had given "letter of guarantee" amounting to EUR 50.000 to Axel Springer Group. The Axel Springer Group exercised all of its "put option". Paid amount included interest calculated based on the 12-months compound Euro Libor plus 100 basis points as of 2 January 2007. Within the scope of the exercise of such "put option", 1.902.118 (exact) DTV bonus shares from the previous capital increase were delivered as bonus shares. Thus, within the scope of such option, the total number of shares delivered to Doğan Holding were 36.085.711 (exact) (approximately 2,65% of the current DTV capital). Related transaction was realized on 30 January 2015, and interest included EUR 63.346.606,10 (exact) payment was made to Commerz-Film GmbH by Doğan Holding in return for the exercise of put option and relevant letter of guarantee was returned to Doğan Holding. After the transaction, direct share of Doğan Holding in DTV equity is realized as 92,88%.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(b) Commitments and contingent liabilities related to the share acquisition agreement with Commerz Film GmbH: (Continued)

Amendment of the Share Purchase and the Shareholder Agreements (Continued)

2- As it was disclosed to public periodically in our financial statement footnotes; per the Agreements between the parties, "in case an initial public offering was not made for the DTV shares of the Axel Springer Group ("Axel Shares") until June 30, 2017, in addition to re-adjusting the price, and a payment accordingly, the Axel Springer Group had a "put option" for all or a part of the Axel Shares to Doğan Holding, and Doğan Holding had a "commitment to buy" (DTV Put Option II). With the Agreement amended on 2 October 2014, unconditional "put option" was given to Axel Springer Group and the details are presented in the appendix tables ("Option Exercise Table") in the latest IR news disclosed to Public Disclosure Platform ("PDP") on 2 October 2014. Aforementioned Option Exercise Table which has been updated but is valid as of 2 October 2014 is presented below;

Option Exercise Table:

Option	**Number of shares subject to option**	**Current capital ratio of DTV(%)**	**Option excercise costs (EUR)(exact)**	**Earliest option excercise dates**
2016	39.870.037	2,93	55.243.523,89	29.01.2016
2020/I	10.873.646	0,80	15.066.414,94	30.06.2020
2020/II	85.176.896	6,26	118.020.255,25	30.06.2020
2022	27.184.078	2,00	37.666.038,82	31.01.2022
TOTAL	**163.104.657**	**11,99**	**225.996.232,90**	

Axel Springer Group may exercise all or a part of its "put option". Amounts to be paid are final, meaning that additional interest cannot be charged. Only, the interest to be calculated taking as the basis annual compound 12-month Euro Libor plus 100 basis points from 29 January 2016 to 30 June 2020 shall be added to the sum to be paid for the "DTV Put Option 2020/I". For the total of 163.104.657 (exact) Doğan TV Holding shares to be transferred by Doğan Holding within the scope of such options, four separate "letters of guarantee" have been given to the Axel Springer Group by our Company with a total value of EUR 225.996 for the Doğan TV Holding securities to be taken by Doğan Holding.

In case all the options in above mentioned Article 1 are exercised, the Axel Springer Group will not have any shares left in the Doğan TV Holding capital.

3- The "DTV Put Option II" has been annulled and cancelled.

4- Issues related with the "initial public offering" of the "Axel Shares";

a. In case of an initial public offering of the "Axel Shares" between the dates 1 January 2015 and 31 January 2022, the following shall be applicable for the value of the "Axel Shares" based on the three months average share price following the initial public offering ("Value of the Share Sold").

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(b) Commitments and contingent liabilities related to the share acquisition agreement with Commerz Film GmbH: (Continued)

Amendment of the Share Purchase and the Shareholder Agreements (Continued)

i. If lower than the "Initial Sales Price", the negative difference between the "Value of the Share Sold" and the "Initial Sales Price" shall be paid through Doğan Holding to the Axel Springer Group, without calculating any interest on the "Initial Sales Price", and taking into account merely the "Initial Sales Price".

ii. If higher than the "Initial Sales Price", the amount to be found by deducting the interest calculated based on the "Initial Sales Price" from the positive difference between the "Value of the Share Sold" and the "Initial Sales Price" (interest shall be calculated taking as the basis annual compound 12-month Euro Libor as of 2 January 2007) shall equally be shared between the Axel Springer Group and Doğan Holding.

iii. In case an initial public offering does not take place for the "Axel Shares" until 31 January 2022, and in case the "Fair Value" of DTV to be determined with specified valuation techniques on 31 December 2021 (shall be taken into account based on the extent of the shares the Axel Springer Group has in the DTV capital as of 31 December 2021) is lower than the "Initial Sales Price", the negative difference between the "Fair Value" of DTV as of 31 December 2021 and the "Initial Sales Price" shall be paid by Doğan Holding to the Axel Springer Group.

After the completion of the transactions mentioned above, based on the written agreement between Doğan Holding, DTV and Commerz-Film GmbH and the decision of the board of directors of DTV dated 29 April 2015,it has been decided;

1- To increase the paid in capital of DTV from the internal sources amounting to TL 173.984.499 (exact) and by cash amounting to TL 448.199.414 (exact), from TL 1.360.016.087 (exact) to TL 1.982.200.000 (exact),

2- Capital increase to be paid in cash amounting to TL 448.199.414 (exact) shall be committed by Doğan Holding.

The payments related to the abovementioned capital increase that will be made in cash have been completed following the authorization of DTV General Assembly and obtaining necessary legal permissions as of 10 July 2015. After the capital increase, the ownership interest of Commerz-Film GmbH in the capital of DTV has decreased from 11,99% to 9,28%.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(b) Commitments and contingent liabilities related to the share acquisition agreement with Commerz Film GmbH: (Continued)

Amendment of the Share Purchase and the Shareholder Agreements (Continued)

After the capital increase, the option exercise table has been revised as below;

Option Exercise Table:

Option	Number of shares subject to option	Current capital ratio of DTV (%)	Option exercise costs (EUR)(exact)	Earliest option exercise dates
2020/I	12.264.693	0,62	15.066.414,94	30.06.2020
2020/II	96.073.429	4,84	118.020.255,25	30.06.2020
2022	30.661.689	1,55	37.666.038,82	31.01.2022
TOTAL	**138.999.811**	**7,01**	**170.752.709,01**	

As stated in the Option Usage Table above, the DTV Put Option / 2016 was used by Commerz-Film GmbH on January 29, 2016 and the related letter of guarantee has been returned.

The liability for unconditional "commitment to buy" of Doğan Holding mentioned above was recorded under "other long-term financial liability" in the consolidated financial statements as of 31 December 2017 amounting to TL 666.291 (31 December 2016: TL 519.829) calculated over discounted cash outflows that will take place in the future. "Non-controlling interests" as the amount representing the shares belonging to Axel Springer were removed from the consolidated financial statements. Since the transaction did not result in any change of control over DTV on the date of transfer of shares, the difference between recorded financial liabilities and removed non-controlling interests was directly recognised under equity.

(c) Other

Milpa:

The Land of Ömerli

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa"), a subsidiary of the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at Istanbul Province, Pendik District, Kurtdoğmuş Village with an area of m² 2.238.207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 4 January 2018 prepared by the Real Estate Appraisal Company on the list of CMB.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(c) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

Because of the qualifications of farm land due to the legal uncertainties stated below, Ömerli land hasn't been recognised under normal business operations of Milpa (project development, construction and sale etc.), and has been recognised as "investment properties" in accordance with TAS 40 ("Investment Properties"), in the context of Paragraph 8/(b).

Milpa, has commitment to pay 25% of the revenue generated from the real estate project (the "Project") by considering the share of the land owners who have assigned shares within the scope of revenue sharing constructions and/or flat for land basis contracts in accordance with the Contract verdicts that has been signed with the first acquisition of Ömerli Land which cannot be implemented due to the administrative and legal processes as described in detail below (Note 18 and 20).

According to the İstanbul Environmental Recreation Plan, scale of 1/100.000 and dated 15 June 2009, a significant part of the land of which parcel no is 1154, is located partially within the borders of "Habitat Park Area". The report on the Basin Location Information of the Istanbul Water Supply and Sanitation Administrative General Directory dated as 6 December 2017 states that 2.586 m² of parcel no 1154 and 142.012 m² of parcel no 1155 are parts of the Forest Area. The related parcels are located in both the medium range(1000 m. - 2000 m.) protected area and the long range (2000 m. - 5000 m.) protected area of Ömerli Reservoir Basin.

144.266 m² of the land parcel no: 1155 has been removed from the forest area with the court decision in year 2005. To this The Forestry Directorate appealed the decision at the Supreme Court of law No:20 and the objection was accepted on 24 June 2008 and these decisions (removal from forest area) are sent to the Pendik First Civil Court for re-evaluation. The Court has reiterated its initial decision being right on 8 October 2009 in terms of content. The General Directorate of Forestry appealed the Court's decision again and the related file was re-sent to the Supreme Court of law No: 20. The related office has resent the file to Pendik First Civil Court by disrupting the court decision The Court for which the lawsuit is held, has been divided into two and the lawsuit has been heard at 29th. Civil Court. The aforementioned court has decided to cancel the land register of the aforementioned 144.266 m² and parcel No: 1155 of land belonging to Milpa and registered the land as forest title in the name of the treasury at 23 December 2014.

In accordance with the decision for parcel No:1155 being registered as forestry land, it has been excluded from the financial statements as at 31 December 2014. Following the notification of the decision no 2013/320 at 9 January 2015, appeal to a superior court on 13 February 2015 has been made, Aforementioned appeal has not been accepted and the Company has been notified that Supreme Court No: 20 upheld the decision of 29th. Civil Court on 13 July 2017. On 20 July 2017, compensation lawsuit was opened due to civil wrong. The hearing date of the case is on 27 February 2018.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(c) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area and Milpa appealed to this plan within the legal deadline. As of the date of the preparation of these financial statements, no response was received regarding the change in land development plan and the appeal to this change regarding the land in Pendik, Kurtdoğmuş Village. It is also known that there have been objections to the relevant construction plan from third parties as well. After the appeals to the development plan, no information has been received from the relevant authorities regarding the evaluations by Milpa. During the 8 years, no lower scale plans have been made and the zoning status of the land has not been identified yet. Construction and expropriation works for North Marmara Highway Project are continuing close to the land in Ömerli, and it was stated in the letter dated 8 December 2017 by General Directorate of Highways that the related parcels remain outside the expropriation area, and are not subject to any expropriation works. Since the planning process is conducted by multiple government agencies, only monitoring of the processes is performed. Based on the appeal from the real estate appraisal company, letter communicated from Istanbul Metropolitan Municipality dated 30 November 2016, development plan proposal and report of a part of Yenişehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including Pendik district Kurtdoğmuş neighborhood 1154 and 1155 parcels and Ballıca, Emirli, Kurna and Kurtdoğmuş neighborhoods were referred to Istanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations, and also is has been learnt that the mentioned plan has been scaled on 6 December 2017. When the mentioned "Master Development Plan" is analyzed, it is seen that 30% of the land in Ömerli is allocated as "Municipal Service Area," and a large part of the remaining land is defined in the legend as "Sustainable Protection and Controlled Use Area," and a relatively smaller part as "Areas Requiring Special Measures Geologically." It is understood from the mentioned "Master Development Plan" that the part allocated as the sub-function of "Sustainable Protection and Controlled Use Area" legend was planned to be 23% "Arboretum," 25% "Recreational Area," 10% "Area to Be Protected through Forestation," 2% "Fairground," 5% "Hobby Gardens," and 5% "Camping Areas," and permission for maximum 1-floor prefabricated structuring with an average rate of 0.04 was granted for these areas. On the grounds that the legends and functions specified in the "Master Development Plan" include contradictions to law as well as planning and urban development procedures and principles, and that they violate the right of ownership, and with the request that "housing zone" legend is also accepted for the mentioned "Immovable," necessary legal and formal objections to the "Master Development Plan" were raised on 2 January 2018 within the allowed period.

In this context, the uncertainty in the development plan due to the appeal, will be continued to be assessed in subsequent periods in the legal process.

The updated revaluation reports are obtained from CMB licensed real estate companies every year for the "investment properties" of Milpa that comprises of TL 180.655 (31 December 2016: TL 165.631) of Ömerli Land.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(c) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

143.068 m² part that corresponds to 164/2400 share of parcel no: 1154 of Ömerli Land has been purchased from the landowners for a cash consideration of a total of USD 7.154 (TL equivalent 23.609) in accordance with the "assignment agreement" made in exchange for the waiving from all legal claims against Milpa and all rights arising from the building construction shared floor/revenue in return arrangement form land share for the period ending on 31 December 2017. With this purchase, Milpa's share of the land is 1.720.521 m2 and 82.17%. As a result of purchase made by Milpa in current year which is 143.068 m^2 a decrease in value is accounted amounting to TL11.765.

As per the information above, we have assessed Parcel No. 1154's fair value determined as TL 219.864 (without VAT) based on the Valuation Report dated 4 January 2018 of a real estate company, considering the reasons laid out in the landscape plan announced on 17 July 2009 with a scale of 1/100,000, such as the land being allocated as "habitat" and "recreational" areas, the parcel's topography being very steep and bumpy, the parcel being outside the central settlement areas but there being no other parcel of the same size in the region where the land is located, the land being located close to the TEM highway, the implementation of the urban development plan with a scale of 1/5000 for the region where the land is located having started although the announcement and objection stages of the master building plan are incomplete, should the said plan be completed the function and construction rights of Ömerli Land will gain certainty only with plans having a scale of 1/1000, and the Northern Marmara motorway route having become clear and the Yavuz Sultan Selim Bridge (3rd bridge) which is connected to the motorway having started to provide service. On the other hand, this amount is the evaluation for the whole of the land Parcel No 1154. The share of Milpa in the Parcel No 1154 is 1.720.521 m² and 82,17 % and the amount is TL 180.655 as of 31 December 2017. (As of 31 December 2016, the share of the Company is 1.577.435 m² and 75,33% and the share amount of Milpa is TL 165.631). As mentioned above, lawsuit decision regarding the record decision on the Forest Land for parcel no: 1155 was approved by Court of Appeals for the 20th circuit. There is no fair value determined for the parcel no 1155 which was priorly derecognized from the statements of financial position through full amount of provision as of 31 December 2014. For Ömerli Land, security expenses amounting to TL 388 has been recognised under operational expenses (31 December 2016: TL 50) (Note 27). Additionally, no rental income has been recognised from the related property (31 December 2016: None).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 18 - COMMITMENTS

(a) Letters of guarantees and guarantee notes given

	31 December 2017					31 December 2016				
	TL Equivalent	**TL**	**USD**	**EUR**	**Other**	**TL Equivalent**	**TL**	**USD**	**EUR**	**Other**
A. CPM's given in the name of its own legal personality										
Collaterals [1]	1.601.434	596.210	53.550	177.885	-	1.552.942	619.113	82.413	173.536	-
Pledge [4]	-	-	-	-	-	-	-	-	-	-
Mortgage [2] [5]	22.578	-	-	5.000		24.114	-	-	6.500	-
B. CPM's given on behalf of the fully consolidated companies										
Collaterals [1] [3]	228.000	40.851	34.781	-	860.000	35.022	1.377	8.176	-	85.000
Pledge [4]	-	-	-	-	-	-	-	-	-	-
Mortgage [5]	415.940	3.256	109.410	-	-	357.056	1.598	99.949	1.002	-
C. CPM's given on behalf of 3rd parties for ordinary course of business	25.107	25.107	-	-	-	-	-	-	-	-
D. Total amount of other CPM's given										
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total	**2.293.059**					**1.969.134**				

(1) The collaterals of the Group consist of letter of guarantees, guarantee notes and bails and the details are explained below.
(2) The mortgage amounting to TL 22.578 over the tangible fixed assets of Group's subsidiary Hürriyet as of 31 December 2017 (31 December 2016: 24.114 TL).
(3) Doğan Holding has bail amounting to USD 29.630 given to credit institutions within the scope of financing Aslancık Elektrik's hydroelectric power plant construction (31 December 2016: USD 35.556).
(4) 33,33% shares of Aslancık Elektrik, 33% shares of Boyabat and 100% shares of D-Tes were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.
(5) Bails of the Group has been presented in mortgages in the above table.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 18 - COMMITMENTS (Continued)

(a) Letters of guarantees and guarantee notes given (continued)

Other CPM's given by the Group to equity ratio is 0% as of 31 December 2017 (31 December 2016: %0). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 December 2017		31 December 2016	
	Original currency	**TL equivalent**	**Original currency**	**TL equivalent**
Letters of guarantees - Euro	176.273	795.962	173.536	643.801
Letters of guarantees - TL	661.157	661.157	619.113	619.113
Letters of guarantees - USD	87.482	329.974	82.413	290.028
Letters of guarantees - Other	860.000	55.960	85.000	4.872
Guarantee notes - USD	849	3.204	8.176	28.773
Guarantee notes - TL	1.006	1.006	1.377	1.377
Guarantee notes - Euro	1.612	7.278	-	-
Total		**1.854.541**		**1.587.964**

(b) Guarantees and mortgages given

The details of guarantees of Group's given for the financial liabilities and trade payables of the Group companies and related parties as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017		31 December 2016	
	Original currency	**TL equivalent**	**Original currency**	**TL equivalent**
Bails - USD	109.410	412.684	99.949	351.741
Bails - Euro	-	-	1.002	3.717
Bails - TL	3.256	3.256	1.598	1.598
Mortgages - Euro	5.000	22.578	6.500	24.114
Total		**438.518**		**381.170**

(c) Barter agreements

Doğan Holding and its subsidiaries, enter into barter agreements, which involve the exchanging of goods or services without any cash collections or payments, as a common practice in the media sector.

The Group has made barter agreements which is a common practice in the media sector. These agreements involve the exchange of goods and services without any cash consideration paid or collected. As of 31 December 2017, the Group has unused advertising commitments amounting to TL 7.938 (31 December 2016: TL 8.348) within the scope of these agreements.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 19 - OTHER ASSETS AND LIABILITIES

Other current assets	**31 December 2017**	**31 December 2016**	**31 December 2015**
Value added tax ("VAT") receivables	77.200	33.563	35.690
Programme stocks	27.810	20.354	9.863
Prepaid tax and funds	12.621	6.675	22.488
Personnel advances	5.998	7.674	7.398
Job advances	1.381	2.325	2.740
Other	3.067	1.766	2.934
	128.077	**72.357**	**81.113**
Provision for impairment on programme stocks (-)	(6.496)	(6.496)	(1.081)
Provision for other doubtful receivables (-)	(421)	(421)	(645)
	121.160	**65.440**	**79.387**

	31 December 2017	**31 December 2016**	**31 December 2015**
Other non current assets			
Value added tax ("VAT") receivables	531.725	533.946	538.151
Blocked deposit	-	-	304
Other	1.550	-	161
	533.275	**533.946**	**538.616**

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

The details of prepaid expenses and deferred income at 31 December 2017 and 31 December 2016 are as follows:

Short term prepaid expenses	**31 December 2017**	**31 December 2016**
Advances given [(1)]	86.643	33.390
Prepaid expenses [(2)]	30.537	48.193
	117.180	**81.583**

(1) The majority of the advances given consist of advances given for energy segment operations.
(2) Significant amount of prepaid expenses consists of prepaid rent expenses and insurance expenses.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	**31 December 2017**	**31 December 2016**
Advances given and prepayments (3) (4) (5) (6)	36.176	37.471
Prepaid expenses for future years	3.164	14.152
	39.340	**51.623**

(3) Long-term advances given amounting to TL 8.747 (31 December 2016: TL 18.761) consist of prepayments made by Doğan TV Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games are refunded to Doğan TV Holding in the case of cancellation of games.

(4) Advances given and prepayments amounting to TL 7.732 (31 December 2016: TL 10.516) comprise of advances given to dealers, by Aytemiz, one of the subsidiaries of Group.

(5) Advances given and prepayments amounting to TL 8.718 (31 December 2016: None) comprise of advances given to purchasing board of solar energy system, by Galata Wind, one of the subsidiaries of Group.

(6) Advances given and prepayments amounting to TL 10.979 consists of between the Doğan Holding and Group's other subsidiaries (31 December 2016: 4.323 TL).

Short-term deferred income	**31 December 2017**	**31 December 2016**
Deferred income (1)	75.394	40.309
Advances received (2)	16.932	15.934
	92.326	**56.243**

(1) The majority of the deferred income consist of prepaid subscription income in publishing and broadcasting segments and yacht berthing income in the other segment

(2) Significant amount of advances received consist of advances received related to energy segment operations.

Long-term deferred income	**31 December 2017**	**31 December 2016**
Deferred income (1)	5.626	7.457
	5.626	**7.457**

(1) The majority of the deferred income consist of prepaid subscription income in publishing and energy segments.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 21 - DERIVATIVE INSTRUMENTS

Currency derivative transactions

As of the statement of financial position date, the total nominal amount of the Group's foreign currency contracts with maturity that are not due and the Group is obliged to carry are as follows:

	31 December 2017		31 December 2016	
	Asset	**Liability**	**Asset**	**Liability**
Currency derivative transactions with maturity	83	1.098	551	-
Total	**83**	**1.098**	**551**	**-**

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

(a) Payables regarding benefits provided to employees

The details of payables regarding benefits provided to employees as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Social security payables	21.954	18.770
Payables to personnel	14.353	18.026
	36.307	**36.796**

(b) Short term provision regarding employment benefits

The details of short term provision regarding employment benefits as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Provision for unused vacation	56.479	51.263
Personnel premium provision	266	-
	56.745	**51.263**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provision regarding employment benefits

Details of long term provision regarding employment benefits as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Provision for employment termination benefits	122.556	119.120
	122.556	**119.120**

Except from the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 December 2017, the maximum amount payable equvalent to one month of salary is TL 4.732,48 (exact) (31 December 2016: TL 4.297,21 (exact)) for each year of service. The retirement pay provision ceiling TL 5.001,76 which is effective from 1 January 2017, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2016: TL 4.426,16 effective from 1 January 2017).

On the other hand, the Group is liable to make payments to personnel who work for a minimum of 5 years in the press sector and whose employment is terminated without due cause in accordance with the Regulations with regards to Employees Employed in the Press Sector. The maximum payable amount is 30 days' flat salary for each year of service. Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

The standard TAS 19 "Employee Benefits" envisages the development of actuarial valuation methods in order to estimate the provision of severance pay. According to this, following assumptions were used in the calculation of total liability based on the report prepared by the actuarial firm.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provision regarding employment benefits (Continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2017, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Discount rate applied as %11,50 [1] (31 December 2016: %11,20), inflation rate applied as %7,00 (31 December 2016: %6,50) and increase in wages applied as %7,00 (31 December 2016: %6,50) in the calculation.

Age of retirement is based on considering the Company's historical operating data and taken as the average age of retirement from the Group.

(1) Discount rate used for calculating the severance payment liability is determined as the 10 years of Government Bond compound interest of % 11,50.
(2) The upper band inflation rate of the inflation report of Central Bank of the Republic of Turkey as of the year 2018 has been used in calculating the liability for severance payment.

The movement of provision for employment termination benefits within the period is as follows;

	2017	**2016**
1 January	**119.120**	**109.481**
Current period service cost and net interest expense from continued operations	21.893	18.304
Payments during the period due to continued operations	(31.569)	(22.704)
Disposal of subsidiary	(259)	-
Loss regarding payment/reducing benefits/dismissal	7.873	5.566
Actuarial loss / (gain)	5.498	8.473
31 December	**122.556**	**119.120**

Total costs other than actuarial loss related to severance pay are included in the consolidated statement of profit or loss table as of 31 December 2017.Actuarial gains / losses for the period ended as of 31 December 2017 is TL 5.498(31 December 2016: TL 8.473).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 23 - EQUITY

Doğan Holding adopted the registered paid-in capital system and set a limit on its registered paid-in capital representing registered type shares with a nominal value of TL 1.

Doğan Holding's registered capital ceiling and issued capital at 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Registered authorized capital ceiling	4.000.000	4.000.000
Issued capital	2.616.938	2.616.938

There are no privileged shares of Doğan Holding.

The ultimate shareholders of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity as of 31 December 2017 and 31 December 2016 are as follows:

Shareholder	Share (%)	31 December2017	Share (%)	31 December 2016
Adilbey Holding A.Ş.	49,32	1.290.679	49,32	1.290.679
Doğan Family	14,41	377.126	14,41	377.126
Publicly traded on Borsa İstanbul (1)	36,27	949.133	36,27	949.133
Issued capital	**100,00**	**2.616.938**	**100,00**	**2.616.938**
Adjustment to issued capital		143.526		143.526
Repurchased shares (-)		(2.080)		(2.080)
Total		**2.758.384**		**2.758.384**

(1) In accordance with the "CMB" Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 35,95% of the shares (31 December 2016: 35,95%) are outstanding as of 31 December 2017 based on the Central Registry Agency's ("CRA") records.

Adjustment to share capital represents the difference between cash and cash equivalent contributions to the total amounts adjusted for inflation added to issued share capital and amounts before inflation adjustment.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

Repurchased shares

With the decision dated 1 December 2016, the Board of Directors of the Group has authorized Company management for the repurchasing of Company shares by taking into consideration the announcements made by the CMB on 21 July 2016 and 25 July 2016, taking into account the fourth, fifth and sixth paragraphs of the fifth article of the CMB's Repurchase Share Notifications (II-22.1) and the eighth sentence of the twelfth article and the CMB's announcements. In this context, it has been decided that the maximum amount of fund allocated for redemption shall be TL 5.200 and the maximum number of shares to be repurchased will not exceed this amount.

In this context, 3.200.000 (exact) number of Company shares were purchased by the Company, TL 0,65 per share, from Istanbul Stock Exchange.

Share premiums (discounts)

Share premiums/discounts represent the positive or negative differences resulting from the nominal value and sales value of public shares.

	31 December 2017	**31 December 2016**
Share premiums	163.724	163.724
Share discounts (-)	(128.565)	(128.565)
Total	**35.159**	**35.159**

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with TCC and TPL.

General Statutory Legal Reserves are reserved according to the article 519 of Turkish Commercial Code and used in accordance with the principles set out in this article. The afore-mentioned amounts should be classified in "Restricted Reserves" in accordance with the TAS.

The details of restricted reserves as of 31 December 2017 and 31 December 2016 are as follows:

Restricted reserves	**31 December 2017**	**31 December 2016**
General legal reserves	187.342	179.949
Gain on sale of subsidiary's shares	67.979	84.624
Venture capital investment fund	57.106	50.406
Total	**312.427**	**314.979**

NOTE 23 - EQUITY (Continued)

Accumulated Other Comprehensive Income and Expenses that will not be Reclassified in Profit or Loss

The Company's investment property revaluation reserves and actuarial losses of defined benefit plans that aren't reclassified in accumulated other comprehensive income and expenses are summarized below:

i. Revaluation of property, plant and equipment increases (decreases)

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. Accordingly, fair value increase at the initial transfer amounting to TL 34.820 (31 December 2016: TL 48.007) is recognised as revaluation reserve under shareholders equity.

ii. Actuarial gains (losses) in defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. Group recognised all actuarial gains and losses in other comprehensive income. Actuarial loss recognised under equity in the financial position table amounts to TL 42.239 (31 December 2016: 37.810 TL).

Accumulated Other Comprehensive Income and Expenses that will be Reclassified in Profit or Loss

i. Revaluation and reclassification gains(losses)

Financial assets revaluation reserves are calculated by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation gains of assets held for sale presented under equity in the statement of financial position is TL 32.196 in the current period (31 December 2016: TL 15.602 gain).

ii. Gain/(losses) from cash flow hedge reserve

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss. The Group recognized cash flow hedge reserve amounting to TL 665 (31 December 2016: None) under equity in the consolidated financial statements as of 31 December 2017.

iii. Currency translation differences

Currency translation differences consist of currency translation differences of the Group's subsidiaries and joint ventures financial statements located out of Turkey using a measurement currency other than TL and classified under equity. The change in the currency translation difference reserve attributable to parent is TL 73.311 and TL 6.864 is attributable to non-controlling interest (31 December 2016: TL 134.604 is attributable to parent and TL 24.076 TL is attributable to non-controlling interest).

NOTE 23 - EQUITY (Continued)

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, General Statutory Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the statement of financial position and their adjusted values based on inflation are collectively presented in equity accounts group.

In accordance with the CMB regulations, "Issued capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the inflation adjustment shall be disclosed as follows:

- If the difference is due to the "Issued Capital" and not yet been transferred to capital, it should be classified under "Capital adjustment difference";

- If the difference is due to "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under "Retained Earnings/ Losses".

Other equity items are carried at the amounts valued in accordance with TAS.

Capital adjustment differences have no other use than to be included to the share capital.

Dividend Distribution

The Company decides to distribute profit and makes profit distribution in accordance with the Turkish Commercial Code ("TCC"), Capital Market Law ("CML"), Capital Market Board ("CMB") Regulations and Laws; Tax Legislations; other related statutory legislation and Articles of Association and Resolutions of General Assembly. Profit distribution is determined by Profit Distribution Policy.

On the other hand,

a) Retained earnings derived from the repreparation of comparative financial statements based on the first time adoption of TAS,
b) "Equity inflation adjustment differences" derived from resources that do not have any restriction regarding profit distribution,
c) Retained earnings derived from the first time inflation adjustment of financial statements, can be distributed to shareholders as cash dividends.

In addition, if the consolidated financial statements include the "Purchasing Impact on Equity" item under equity, the related item is not considered as a deductible or additional item when presenting net distributable profit for the period.

NOTE 23 - EQUITY (Continued)

At the general shareholders meeting of the Company as of 31 March 2017;

The following legislations have been taken into consideration; Turkish Commercial Code, Capital Market Legislation and Capital Market Law ("CMB") Regulations, Corporate Tax, Income Tax and other relevant legal legislations and the relevant legislations of the Main Agreement of the Company and "Dividend Distribution Policy";

> Under the legislation of "Communique on Financial Reporting in Capital Markets" (II-14.1) of CMB , according to the audited consolidated financial statements for the period 1 January - 31 December 2016 that are prepared in accordance with the Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting and Auditing Standards Board for which the presentation principles have been determined as per the relevant resolutions of the CMB; when "Deferred Tax Income", "Tax Expense for the Period" and "Non-controlling Interests" are taken into consideration together, "Net Loss for the Period" amounting to Turkish Lira 219.223 has been observed, and after "Accumulated Losses" amounting to Turkish Lira 343.605 which has been calculated based on the Dividend Guide announced at 27 January 2014 and numbered 2014/2 in CMB Weekly Announcement and "Donation" amounting to Turkish Lira 1.814 in 2016 have been added to this amount, Turkish Lira 566.327 of "Net Loss for the Period" has been calculated and no dividend distribution has been made for the period 1 January - 31 December 2016 within the CMB regulations on profit distribution.
>
> In the financial records for the period 1 January 2016 - 31 December 2016 under the tax legislation and held by the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, "Net Profit for the Period" amounting to Turkish Lira 118.389.242,76 ("exact") has been observed; that a "Tax Expense for the Period" of Turkish Lira 12.133.562,89 ("exact") has been reserved, and out of the remaining Turkish Lira 106.255.679,87 ("exact"), "General Legal Reserve Funds" of Turkish Lira 5.312.783,99 ("exact") has been reserved as per paragraph (1) of Article 519 of TCC, "Legal Reserves" of Turkish Lira 2.080.000 ("exact") has been reserved as per paragraph (1) of Article 520 of TCC and "Venture Capital Fund" of Turkish Lira 6.700.000 ("exact")has been reserved as per paragraph (a) of Article 325of the Tax Procedure Law No. 213, the remaining part of Turkish Lira 92.162.895,88 ("exact) will be transferred to the account of "Extraordinary Reserves",
>
> In the financial records prepared in accordance with the Tax Legislation, and the Uniform Accounting Plan published by the Republic of Turkey Ministry of Finance, the "Retained Earnings" of Turkish Lira 21.220.330,99 ("exact") accounted under "Special Funds" during the past terms as per the Tax Legislation was classified under "Extraordinary Reserves" as the 5-year period specified in accordance with the Tax Legislation has been completed. Turkish Lira 4.574.267,02 ("exact") portion of the mentioned amount has been transferred to "Retained Earnings" from the "Restricted Reserves" in prior periods.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution. As of the statement of financial position date, the Company's gross amount of resources that may be subject to the profit distribution based on the statutory records, excluding share premiums / discounts, amounts to TL 3.776.355 (31 December 2016: TL 3.747.355).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 24 - REVENUE AND COST OF SALES

	1 January - 31 December 2017	1 January - 31 December 2016
Domestic sales	10.742.000	8.125.761
Foreign sales	348.035	251.290
Sales return and discounts (-)	(611.681)	(622.479)
Net sales	**10.478.354**	**7.754.572**
Cost of sales (-)	(9.045.189)	(6.476.404)
Gross profit	**1.433.165**	**1.278.168**

Sales details of publishing industrial segment are presented below:

	1 January - 31 December 2017	1 January - 31 December 2016
Advertisement income	453.760	470.563
Circulation and printing income	262.931	248.685
Other	434.659	380.929
Total	**1.151.350**	**1.100.177**

Sales details of broadcasting industrial segment are presented below:

	1 January - 31 December 2017	1 January - 31 December 2016
Advertisement income	588.421	574.065
Subscription income	399.485	393.460
Other	134.261	123.488
Total	**1.122.167**	**1.091.013**

Sales details of retail industrial segment are presented below:

	1 January - 31 December 2017	1 January - 31 December 2016
Retail income	802.214	676.007
Total	**802.214**	**676.007**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 24 - REVENUE AND COST OF SALES (Continued)

Sales details of energy industrial segment are presented below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Fuel oil & LPG sales income	5.435.818	3.473.900
Energy income	1.064.797	860.152
Total	**6.500.615**	**4.334.052**

Sales details of other industrial segment are presented below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Industrial income	312.344	222.485
Vehicle sales income	307.887	177.280
Tourism income	66.329	62.167
Other [(1)]	215.448	91.391
Total	**902.008**	**553.323**

(1) Other sales income mainly consists of the total income obtained from factoring, real estate, GSM operations.

Cost of Sales details per divisions are presented below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Publishing	(843.641)	(774.255)
Broadcasting	(941.147)	(824.659)
Retail	(466.050)	(390.219)
Energy	(6.125.047)	(4.046.745)
Other	(669.304)	(440.526)
Total	**(9.045.189)**	**(6.476.404)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 24 - REVENUE AND COST OF SALES (Continued)

Cost of sales detail of publishing industrial segment is presented below:

	1 January - 31 December 2017	1 January - 31 December 2016
Cost of trade goods sold	(366.132)	(351.788)
Personnel and news production expenses	(163.985)	(148.391)
Paper costs	(122.032)	(128.508)
Internet advertising service cost	(73.825)	(43.111)
Printing, production and other raw material costs	(49.397)	(49.048)
Amortization and depreciation expenses (Note 14,15)	(21.598)	(26.735)
Commissions	(4.066)	(7.667)
Other	(42.606)	(19.007)
Total	**(843.641)**	**(774.255)**

Cost of sales detail of broadcasting industrial segment is presented below:

	1 January - 31 December 2017	1 January - 31 December 2016
Television programme production costs	(389.535)	(320.457)
Amortization expenses of television programme rights (Note 15)	(123.036)	(99.656)
ADSL port costs	(108.140)	(110.381)
Personnel expenses	(114.910)	(92.417)
Amortization and depreciation expenses (Note 14,15)	(41.839)	(38.975)
Satellite usage expenses	(33.874)	(35.902)
Call center expenses	(35.290)	(33.761)
Cost of trading goods sold	(22.384)	(23.814)
RTSC share in advertisement	(8.252)	(13.919)
Other	(63.887)	(55.377)
Total	**(941.147)**	**(824.659)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 24 - REVENUE AND COST OF SALES (Continued)

Cost of sales detail of retail industrial segment is presented below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Cost of trade goods sold	(466.050)	(390.219)
Total	**(466.050)**	**(390.219)**

Cost of sales detail of energy industrial segment is presented below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Fuel oil and LPG sales expenses	(5.072.152)	(3.237.182)
Electricity expenses	(1.005.205)	(751.258)
Amortization expenses (Note 14,15)	(24.579)	(22.187)
Personnel expenses	(1.959)	(2.411)
Other	(21.152)	(33.707)
Total	**(6.125.047)**	**(4.046.745)**

Cost of sales detail of other industrial segment is presented below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Cost of trading goods sold	(348.708)	(200.557)
Raw material cost	(176.448)	(122.810)
Labour and personnel expenses	(60.229)	(48.104)
Amortization and depreciation expenses (Note 14,15)	(31.069)	(20.257)
General production expenses	(27.148)	(28.229)
Telecommunication service expenses	(25.702)	(20.569)
Total	**(669.304)**	**(440.526)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 25 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
General administrative expenses	(391.838)	(361.518)
Marketing expenses	(795.743)	(719.433)
Operating expenses	**(1.187.581)**	**(1.080.951)**

Marketing expenses:

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel expenses	(216.197)	(196.271)
Rent expenses	(126.274)	(92.689)
Transportation, storage and travel expenses	(94.738)	(107.993)
Advertisement expenses	(99.710)	(74.735)
Amortization and depreciation expenses (Note 14,15)	(61.985)	(54.511)
Amortization expenses of dealer agreements (Note 15)	(76.921)	(59.792)
Consulting expenses	(27.886)	(24.494)
Outsourced service expenses	(25.293)	(24.234)
Electricity distribution expenses	(13.750)	(29.206)
Promotion expenses	(2.775)	(19.003)
Dealer commission expenses	(3.190)	(1.896)
Communication expenses	(1.147)	(1.592)
Other	(45.877)	(33.017)
Total	**(795.743)**	**(719.433)**

General administrative expenses:

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel expenses	(222.086)	(199.608)
Consulting expenses	(32.180)	(31.284)
Outsourced service expenses	(25.376)	(14.560)
Amortization and depreciation expenses (Note 14,15)	(30.616)	(30.365)
Rent expenses	(24.963)	(26.896)
Transportation, storage and travel expenses	(10.363)	(10.982)
Miscellaneous taxes	(8.287)	(8.175)
Other	(37.967)	(39.648)
Total	**(391.838)**	**(361.518)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 26 - EXPENSES BY NATURE

Expenses are presented functionally for the periods ended 31 December 2017 and 2016 and the details are given in Note 24 and Note 25.

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities:	**1 January - 31 December 2017**	**1 January - 31 December 2016**
Foreign exchange gains	222.541	293.660
Finance income due from sales with maturity	83.049	58.864
Interest income on bank deposit	63.709	54.925
Provisions no longer required	46.573	20.186
Usage of VAT discount	6.521	5.332
Gain on sale of property, plant and equipment	5.226	6.664
Increment on fair value of investment properties (Note 13)	-	57.371
Other operating income	27.869	30.841
Total	**455.488**	**527.843**

Other expenses from operating activities

	1 January - 31 December 2017	**1 January - 31 December 2016**
Foreign exchange losses	(117.618)	(109.813)
Provision for doubtful receivables (Note 9)	(51.082)	(35.393)
Finance expense due to purchases with maturity	(16.495)	(26.085)
Impairment on fair value of investment properties (Note 13)	(11.765)	-
Provision for lawsuits (Note 17)	(10.116)	(20.762)
Other penalties and compensations paid	(3.346)	(20.379)
Provision for impairment on inventory (Note 11)	(646)	(3.063)
Tax base increase payables	-	(12.943)
Impairment of programme rights	-	(12.779)
Other operating expenses	(62.612)	(57.166)
	(273.680)	**(298.383)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January - 31 December 2017	1 January - 31 December 2016
Increment on fair value of investment properties (Note 13)	30.874	27.304
Profit from acquisition of subsidiary	18.994	-
Gain on sale of property, plant and equipment and intangible assets	16.142	9.087
Rent and building service income	11.584	3.609
Interest income of marketable securities	8.088	9.177
Foreign exchange gains	4.551	23.305
Interest income on bank deposits	928	2.144
Income from disposal of subsidiary	800	-
Interest income related to share purchase commitment	-	84.423
Other	474	-
	92.435	**159.049**

Expenses from investing activities

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange loss related to share purchase commitment	(112.880)	(90.582)
Interest expense related to share purchase commitment	(33.582)	-
Fair value adjustments of investment properties (Note 13)	(12.089)	(511)
Loss on sale of property, plant and equipment	(11.996)	(4.498)
Impairment of property, plant and equipment	(5.775)	-
Loss on sale of marketable securities	(696)	(2.610)
Other	-	(1.785)
	(177.018)	**(99.986)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 29 - FINANCE INCOME AND EXPENSES

The details of finance income for the periods ended 31 December 2017 and 2016 are as follows:

Financial income

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange gain	250	-
Derivative financial instruments income	134	551
Other financial income	181	992
	565	**1.543**

The details of finance expenses for the periods ended 31 December 2017 and 2016 are as follows:

Financial expenses

	1 January - 31 December 2017	1 January - 31 December 2016
Interest expense on bank borrowings	(229.356)	(153.719)
Foreign exchange loss	(223.953)	(209.141)
Bank commission expenses	(40.453)	(14.351)
Other	(4.059)	(4.420)
	(497.821)	**(381.631)**

NOTE 30 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In the period ended 31 December 2017, Group sold its shares in the subsidiaries, Bravo TV and Trend TV, which operate in TV publishing segment. As a result of this transaction, cash consideration of TL 1.488 occured and profit amounting to TL 800 is accounted under investing income in the consolidated statement of profit or loss as of 31 December 2017 (31 December 2016: None) (Note 28).

As of 25 July 2017, the Group has decided to transfer and sell Milta Turizm İşletmeleri A.Ş. which is a fully owned subsidiary, depending on the obtaining of all necessary legal authorizations and the fulfillment of other routine "Closing Prerequisites" and also with the condition of the correction of the "net debt" on the date of "Closing" in return of cash consideration and in advance USD 105.000.000 (one hundred and five million) to Tek Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri Anonim Şirketi. As of 31 December 2017, it has not been classified as assets held for sale in the consolidated financial statements, considering the monetary value of the Group's obligation to derecognize the assets and liabilities.

With the decision of the Board of Directors of Pronto Media Holding, resident in Russia, which is an indirect subsidiary of Trader Media East Ltd. ("TME"), owned by the Group which holds 97.29% of the shares, on 22 November 2017, due to the intensity of the competition in markets where the company operates and insufficient operational performance, digital platform operations within the company were decided to cease. Digital operations were ceased with this decision and they are classified as discontinued operations.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 30 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

	1 January- 31 December 2017	1 January- 31 December 2016
Revenue	15.997	19.675
Cost of sales (-)	(10.763)	(12.259)
General administrative and marketing expenses	(28.192)	(26.992)
Other income (expense) from operating activities, net[1]	(974)	(1.230)
Financial expenses, net	(3.375)	1.227
Expenses from investment activities, net [2]	(279.183)	(77.195)
Discontinued operations loss before taxation	**(306.490)**	**(96.774)**
Tax (income) expense for the period	-	(25)
Deferred tax income	54.130	12.147
Discontinued operations loss for the period	**(252.360)**	**(84.652)**

(1) As of 31 December 2017, there is a doubtful receivable expenses to TL 990 (31 December 2016: TL 1.256).
(2) Impairment provisions of TL 279.361 (31 December 2016: 77.148 TL) were allocated for the mentioned discontinued operations in the consolidated financial statements for the period that ended on 31 December 2017.

NOTE 31 - INCOME TAXES

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 these consolidated financial statements, have been calculated on a separate-entity basis for all the subsidiaries consolidated on a line-by-line basis.

Corporate Tax

Corporate tax liabilities as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Provision for current income tax	38.821	48.968
Prepaid corporate taxes	(24.711)	(35.542)
Taxes payable for the period	**14.110**	**13.426**

	31 December 2017	31 December 2016
Corporate and income taxes payable	14.110	13.426
Deferred tax liabilities, net	51.472	95.207
Total taxes	**65.582**	**108.633**

NOTE 31 - INCOME TAXES (Continued)

Turkey

The Corporate Tax Law has been amended as of 13 June 2006 by Law No: 5520. The majority of the clauses of Law No: 5520 are effective as of 1 January 2006. Corporate tax rate for the fiscal year 2017 is 20% (2016: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate of 20% over their corporate income and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end. Advance taxes paid in the period are offset against the following period's corporate tax liability. . If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Turkish Trade Registry Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. As per this law, deferred tax assets and obligations were calculated in the financial statements dated 31 December 2017, applying a tax rate of 22% for temporary differences' portion to lead to tax effects in 2018, 2019 and 2020, and at 20% for the portion to lead to tax effects in 2021 and subsequent periods.

According to, Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law ("Law No. 5024") published in the Official Gazette on December 30, 2003 and the income or corporations taxpayers whose determine their profits on the basis of the statement of financial position, the financial statements are subject to inflation adjustment starting from 1 January 2004. The merger premiums which occurred as a result of the related subsidiary mergers, were classified as an equalizing account, which is neither an asset nor a liability, by the Group, in its financial statements and applied an inflation adjustment for the calculation of the corporate tax in 2004, due to the related regulations and Tax Procedural Law, titled "Inflation Adjustment Application" with number 17 and dated 24 March 2005.

In accordance with the related law, the cumulative inflation of last 36 months inflation rate (PPI) must exceed 100% and the inflation rate (PPI) of last 12 months must exceed 10% in order to adjust inflation. There has not been any inflation adjustment after 2005 due to the absence of conditions required.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed as a result of another tax assessment.

Under the Turkish tax legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. The exemptions that are related to the Group are as follows:

NOTE 31 - INCOME TAXES (Continued)

Turkey (continued)

Exemption for participation in subsidiaries

Dividend income from participation in shares of capital of another fully fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company,(except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business center at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. For exemption, the relevant gain is required to be held in a fund account in liabilities for at least five years. The cost of the sale should be collected until the end of the second calendar year following the year of the sale.

Russian Federation

The corporate tax rate effective in the Russian Federation is 20% (2016: 20%).

The Russian tax year is the calendar year and fiscal year ends other than the calendar year end are not applicable in the Russian Federation. The income taxes over gains are calculated annually. Tax payments are made monthly or depending on tax payer's discretion, it can be made monthly or quarterly by using different calculation methods. Corporate tax declarations are given until 28th of March following the fiscal year end.

According to the Russian Federation's tax legislation, financial losses can be carried forward indefinitely to be deducted from future taxable income.

Tax can be refunded in practice; however, refund is generally available following the outcome of legal procedures. Consolidated tax reporting or tax payment of parent companies or subsidiaries is not allowed. In general, dividend payments that are paid to foreign shareholders are subject to 15% withholding tax. Based on bilateral tax agreements, withholding tax rate can be decreased.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 31 - INCOME TAXES (Continued)

Russian Federation (continued)

In accordance with the new tax amendmend in Russian Federation, the Companies can reduce 50% of the profit occurred between 2017-2020 and total accumulated losses as of 2021. Besides, the limitation of carried forward tax losses due to accumulated losses after 2007 for up to 10 years has been removed. The Group assesses the possible effects of the new tax amendmends.

The tax legislation of the Russian Federation is subject to various interpretations and changes frequently. The interpretation of tax legislation by tax authorities regarding the business of TME may differ from the management's interpretation.

The tax rates at 31 December 2017 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

Country	Tax rates (%)
Germany	28,0
Belarus	18,0
Russia	20,0
Netherland	25,0

Belarus

Corporate tax rate effective in Belarus is %18 (2016: %18). Tax year is the calendar year in Belarus. Profit tax is calculated as progressive total. Payments regarding tax are made quarterly from the prior year results or expected current year profit. Corporate tax declarations should be given at 20 March following the financial year financial losses are not allowed to be deducted from the period corporate income. Tax refund option is available. Consolidated tax reporting or payment isn't allowed for parent company and its subsidiaries. In general, dividends paid to foreign shareholders are subject to 12% witholding tax rate. This rate might decrease in bilateral tax agreements. Tax legislations in Belarus is subject to frequent changes.

Deferred tax

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the POA's Financial Reporting Standards. The temporary differences arise due to accounting treatments made in different reporting periods based on the applicable tax laws and the transfer of financial losses.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the statement of financial position dates which are disclosed in the table and explanations above.

Deferred tax assets and liabilities are presented in net in the consolidated financial statements of the Group, since they are presented in net in the financial statements of subsidiaries and joint ventures, which are each individual tax payers. Temporary differences, deferred tax assets and deferred tax liabilities at the table below are presented based on gross amounts.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 31 - INCOME TAXES (Continued)

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2017 and 31 December 2016 using the enacted tax rates are as follows:

	Cumulative temporary differences		**Deferred tax assets / (liabilities)**	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Deductible tax losses	162.895	99.266	32.579	19.853
Provision for employment termination and unused vacation benefits	179.035	170.383	31.074	34.076
Provision for doubtful receivables	167.900	128.949	36.938	25.790
Deferred financial income of trade receivables	5.418	17.093	1.192	3.419
Other	105.295	73.444	22.351	14.355
Deferred tax assets	**620.543**	**489.134**	**124.134**	**97.493**
Net differences between the tax base and carrying value of property, plant and equipment, inventories and intangible assets	(930.285)	(785.907)	(120.815)	(166.757)
Net differences between fair and tax values of investment properties	(209.504)	(253.110)	(30.625)	(13.259)
Other	(101.513)	(62.901)	(24.166)	(12.684)
Deferred tax liabilities	**(1.241.302)**	**(1.101.918)**	**(175.606)**	**(192.700)**
Deferred tax liabilities, net	**(620.759)**	**(612.784)**	**(51.472)**	**(95.207)**

Conclusions of netting has been reflected to consolidated statement of financial position of the Group, since Doğan Holding, subsidiaries and joint ventures, which are separate taxpayer companies, have booked their deferred tax assets and liabilities by netting in their financial statements that were prepared in accordance with the TAS. Temporary differences and deferred tax assets and liabilities shown above have been prepared on the basis of gross values.

The Group recognized deferred tax assets over TL 162.895 of carry forward tax losses in the consolidated financial statements prepared in accordance with the POA's Financial Reporting Standards as of 31 December 2017 (31 December 2016: TL 99.266). As of 31 December 2017 and 31 December 2016, the maturity analysis of carry forward tax losses is as follows:

	31 December 2017	**31 December 2016**
2018	(13.117)	-
2019	(11.665)	-
2020 and after	(138.113)	(99.266)
	(162.895)	**(99.266)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 31 - INCOME TAXES (Continued)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 December 2017, the Group does not recognise deferred tax asset from carry forward tax losses amounting to TL 1.580.789 (31 December 2016: 1.416.965 TL).

Movements for net deferred taxes for the periods ended at 31 December 2017 and 2016 are as follows:

	2017	**2016**
1 January	(95.207)	(46.279)
Current period income (expense)	(4.424)	(36.871)
Deferred tax income/(expense)		
Tax recognized under equity	(10.726)	(10.936)
Actuarial loss tax recognised in other comprehensive income statement	1.100	1.695
Effect of discontinued operations	54.130	12.147
Currency translation differences	3.297	(14.963)
Acquisition of subsidiary	478	-
Disposals of subsidiary	(120)	-
31 December	**(51.472)**	**(95.207)**

The taxes on income reflected to the consolidated statement of profit or loss for the periods ended 31 December 2017 and 2016 are summarized below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Current period tax expense	(38.821)	(48.943)
Deferred tax income/(expense)	(4.424)	(36.871)
Total tax (expense)/ income	**(43.245)**	**(85.814)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 31 - INCOME TAXES (Continued)

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 31 December 2017 and 2016 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2017	**2016**
Loss before tax and non-controlling interests (*)	(535.777)	(160.194)
Current period tax expense calculated at 20% effective tax rate	107.155	32.039
Tax effect of discontinued operations	(54.130)	(12.147)
Effect of carryforward tax losses not subject to deferred tax asset	(45.857)	(53.166)
Tax effect of adjustments related to share purchase commitments	(29.293)	(1.232)
Effect of investments accounted for by the equity method	(14.968)	(33.893)
Effect of expenses non- deductible / not subject to tax	(13.891)	(10.209)
Effect of change in statutory tax rate on deferred tax	(4.806)	
Exceptions	7.756	
Carry forward tax losses utilized	6.308	
Income not subject to tax	5.649	3.917
Other	(7.168)	(11.123)
31 December	**(43.245)**	**(85.814)**

(*) Includes pre-tax loss of continued and discontinued operations.

NOTE 32 - EARNING/LOSS PER SHARE

Loss per share for each class of shares is disclosed below:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Net loss for the period attributable to equity holders of the Parent Company	(471.545)	(219.223)
Weighted average number of shares with face value of TL 1 each	2.616.938	2.616.938
Loss per share (exact)	**(0,180)**	**(0,084)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 33 - RELATED PARTY DISCLOSURES

As of the statement of financial position date, due from and to related parties and related party transactions for the periods ending 31 December 2017 and 31 December 2016 are disclosed below:

i) Balances of related parties:

Short term trade receivables from related parties:

	31 December 2017	31 December 2016
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") [1]	3.557	3.308
Gümüştaş Madencilik ve Ticaret A.Ş. ("Gümüştaş Madencilik") [3]	2.510	45
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") [1]	680	381
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") [4]	553	20
Doğan Egmont [2]	-	974
Doğan Burda [2]	-	450
Other	1.288	3.345
Total	**8.588**	**8.523**

[1] Receivables related to advertisement sale of the Group.
[2] Receivables related to books and magazines sale of the Group.
[3] Receivables related to fuel-oil sales of the Group.
[4] Receivables related to rent a car services of the Group.

Other short term receivables from related parties:

	31 December 2017	31 December 2016
Boyabat Elektrik [1]	9.750	10.726
Total	**9.750**	**10.726**

[1] Short term receivables from Boyabat Elektrik comprise of the advances given in relation to the electricity purchases.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

Short term trade payables to related parties

	31 December 2017	31 December 2016
Doğan Egmont [1]	15.788	10.015
Doğan Burda [2]	9.595	12.933
Boyabat Elektrik [3]	-	1.336
Ortadoğu Otomotiv [4]	-	515
Other	760	604
Total	**26.143**	**25.403**

[1] Comprises of the books and magazines purchases of the Group.
[2] Comprises of the magazines purchases of the Group.
[3] Comprises of the electricity purchases of the Group.
[4] Comprises of the rent expenses of the Group.

ii) Transactions with related parties:

Product and service purchases from related parties

	31 December 2017	31 December 2016
Boyabat Elektrik [1]	68.139	12.269
Doğan Egmont [2]	36.114	26.379
Doğan Burda [2]	26.109	27.854
Ortadoğu Otomotiv[3]	19.634	19.015
DPP[4]	4.582	5.665
Adilbey Holding A.Ş.[5]	2.676	4.001
Other	4.317	3.022
	161.571	**98.205**

[1] Comprises of the electricity purchases of the Group.
[2] Comprises of the books and magazines purchases of the Group.
[3] Comprises of the rent services purchases of the Group.
[4] Comprises of the magazine marketing and distribution purchases of the Group.
[5] Comprises of the representation services purchases of the Group.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (Continued):

Product and service sales to related parties:

	31 December 2017	31 December 2016
Doğan Burda [1]	17.699	16.899
Doğan Egmont [1]	16.522	12.815
Boyabat Elektrik [3]	14.265	6.716
D-Market [2]	13.825	12.904
Ortadoğu Otomotiv [3]	10.220	9.985
Gümüştaş Madencilik[8]	8.056	5.457
D Elektronik [4] [5] [6]	2.171	2.365
DPP	1.544	-
Adilbey Holding A.Ş. [2] [3] [4]	1.268	3.462
Hakimiyet Petrol [7]	-	14.222
Other	3.877	11.060
	89.447	**95.885**

[1] The balance consists of raw material, printing and distribution services sales of the Group.
[2] The balance consists of product sales of the Group.
[3] The balance consists of electricity sales of the Group.
[4] The balance consists of car rental and accommodation services sales of the Group.
[5] The balance consists of internet services sales of the Group.
[6] The balance consists of advertisement sales of the Group.
[7] The merge of related subsidiary with Aytemiz Petrolcülük has been registered as of 25 December 2017.
[8] The balance consists of fuel oil sales of the Group.

Remuneration of the members of the Board of Directors and key management personnel:

Group determined member of the Board of the Directors, Consultants of the Board, Group Presidents and Vice Presidents, Chief Legal Counsel, and Director's as Key Management Personnel. The compensation of board members and key management personnel includes salaries, bonus, health insurance, communication and transportation benefits and total amount of compensation is explained below:

	31 December 2017	31 December 2016
Salaries and other short term benefits	20.393	17.742
Post-employment benefits	-	-
Termination benefits	-	-
Other long term benefits	-	-
Share based payments	-	-
Total	**20.393**	**17.742**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial Risk Management

The Group’s activities expose it to a variety of financial risks; these risks are credit risk, market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in a limited manner to hedge these exposures.

Financial risk management is carried out by individual subsidiaries and joint ventures under the policies, which are approved by their Board of Directors within the limits of general principles set out by the Group.

a) Market risk

a.1) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities as of 31 December 2017 and 31 December 2016 before consolidation adjustments and reclassifications are as follows:

The Group is exposed to foreign exchange risk arising primarily from the USD and EUR, the other currencies have no material impact.

	31 December 2017	**31 December 2016**
Foreign currency assets	1.519.522	1.347.814
Foreign currency liabilities	(2.583.092)	(2.110.793)
Net foreign currency position	**(1.063.570)**	**(762.979)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market risk (continued)

a.1) Foreign currency risk (Continued):

Sensitivity analysis for currency risk as of 31 December 2017 and 31 December 2016 and foreign currency denominated asset and liability balances are summarized below: The recorded amounts of foreign currency assets and liabilities held by the Group are as follows, in terms of foreign currency:

31 December 2017	**TL Equivalent**	**USD**	**EUR**	**Other**
1. Trade Receivables	129.976	18.819	12.975	404
2a. Monetary Financial Assets (Cash, banks included)	1.338.079	217.575	114.521	288
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	24.779	6.543	22	-
4. Current Assets (1+2+3)	**1.492.834**	**242.937**	**127.518**	**692**
5. Trade Receivables	268	-	57	11
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	26.288	6.840	108	-
7. Other	132	5	25	-
8. Non-Current Assets (5+6+7)	**26.688**	**6.845**	**190**	**11**
9. Total Assets (4+8)	**1.519.522**	**249.782**	**127.708**	**703**
10. Trade Payables	331.925	67.030	17.358	714
11. Financial Liabilities	895.264	45.825	157.876	9.528
12a. Other Monetary Liabilities	3.005	404	328	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	**1.230.194**	**113.259**	**175.562**	**10.242**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.052.643	-	226.737	28.813
16a. Other Monetary Liabilities	300.255	79.603	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**1.352.898**	**79.603**	**226.737**	**28.813**
18. Total Liabilities (13+17)	**2.583.092**	**192.862**	**402.299**	**39.055**
19. Net Asset / Liability Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(1.063.570)**	**56.920**	**(274.591)**	**(38.352)**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**(1.114.769)**	**43.532**	**(274.746)**	**(38.352)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.) Market risk (continued)

a.1) Foreign currency risk (Continued):

31 December 2016	TL Equivalent	USD	EUR	Other
1. Trade Receivables	171.280	23.998	12.277	41.280
2a. Monetary Financial Assets (Cash, banks included)	1.149.854	225.488	95.527	1.921
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	17.508	871	2.571	4.905
4. Current Assets (1+2+3)	**1.338.642**	**250.357**	**110.375**	**48.106**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	9.172	1.605	770	667
8. Non-Current Assets (5+6+7)	**9.172**	**1.605**	**770**	**667**
9. Total Assets (4+8)	**1.347.814**	**251.962**	**111.145**	**48.773**
10. Trade Payables	242.793	41.474	21.186	18.240
11. Financial Liabilities	600.419	37.222	122.438	15.195
12a. Other Monetary Liabilities	113.386	32.018	191	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**956.598**	**110.714**	**143.815**	**33.435**
14. Trade Payables	283	-	-	283
15. Financial Liabilities	1.044.871	25.000	257.929	-
16a. Other Monetary Liabilities	109.041	30.951	32	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**1.154.195**	**55.951**	**257.961**	**283**
18. Total Liabilities (13+17)	**2.110.793**	**166.665**	**401.776**	**33.718**
19. Net Asset / Liability Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(762.979)**	**85.297**	**(290.631)**	**15.055**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**(789.659)**	**82.821**	**(293.972)**	**9.483**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.) Market risk (continued)

a.1) Foreign currency risk (Continued):

As of 31 December 2017 and 31 December 2016, foreign currency denominated asset and liability balances were converted by the following exchange rates: TL 3,7719 = USD 1 ve TL 4,5155 = EUR 1 (31 December 2016: TL 3,5192 = USD 1 ve TL 3,7099 = EUR 1).

31 December 2017	**Income/Loss**	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	21.470	(21.470)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	**21.470**	**(21.470)**
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(123.991)	123.991
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income) (4+5)	**(123.991)**	**123.991**
If the other currencies had changed by 10% against the TL		
7- Other currency net (liabilities)/assets	(3.835)	3.835
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	**(3.835)**	**3.835**
TOTAL (3+6+9)	**(106.356)**	**106.356**

31 December 2016	**Income/Loss**	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	30.018	(30.018)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	**30.018**	**(30.018)**
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(107.821)	107.821
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income) (4+5)	**(107.821)**	**107.821**
If the other currencies had changed by 10% against the TL		
7- Other currency net (liabilities)/assets	1.506	(1.506)
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	**1.506**	**(1.506)**
TOTAL (3+6+9)	**(76.297)**	**76.297**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market risk (continued)

a.2) Interest rate risk

- Publishing/ Broadcasting

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 and by limited use of derivative instruments.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2017 and 31 December 2016, the Group's borrowings at floating rates are predominantly denominated in USD and EUR.

- Other

Other operating segments are exposed to interest rate risk because of financial liabilities of these segments. Financial obligations in this segment are mainly composed of floating rate borrowings.

As of 31 December 2017, if interest rates on USD denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TL 943 (31 December 2016: 958 TL) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

As of 31 December 2017, if interest rates on Euro denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TL 4.551 (31 December 2016: 4.747 TL) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

The table presenting Group's fixed and floating rate financial instruments is shown below:

	31 December 2017	31 December 2016
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.379.444	1.226.385
- Financial investments (Note 7)	196.880	365.468
Financial liabilities (Note 8)	2.798.258	1.718.751
Financial instruments with floating rate		
Financial liabilities (Note 8)	566.560	570.469

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 -FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.) Market risk (continued)

a.2) Interest rate risk (Continued):

The analysis of average annual interest rate (%) of financial assets and liabilities of the Group is as follows:

	31 December 2017			31 December 2016		
	USD	**EUR**	**TL**	**USD**	**EUR**	**TL**
Assets						
Cash and cash equivalents	1,00 - 4,00	0,01 - 1,85	1,00 - 15,00	0,35-3,59	0,01-2,00	2,00-11,60
Financial investments	5,36	-	15,68	4,41	-	5,96
Liabilities						
Financial liabilities	2,48-2,97	0,75 - 5,71	4,30-19,00	3,5-4,58	0,75-4,7	3-14,20

The distribution of interest rate sensitivity regarding the remaining period for repricing of financial assets and liabilities is as follows:

31 December 2017	**Up to- 1 year**	**1-5 years**	**Over 5 years**	**Free of Interest**	**Total**
Assets					
Cash and cash equivalents (Note 6)	1.379.444	**-**	**-**	329.023	1.708.467
Financial investments (Note 7)	71.743	**-**	**-**	**-**	71.743
Total	**1.451.187**	**-**	**-**	**329.023**	**1.780.210**
Short and long term financial liabilities (Note 8) (1)	2.617.603	698.527	48.688	**-**	**3.364.818**
Other financial liabilities (Note 8)	**-**	666.291	**-**	**-**	**666.291**
Total	**2.617.603**	**1.364.818**	**48.688**	**-**	**4.031.109**

31 December 2017	**Up to- 1 year**	**1-5 years**	**Over 5 years**	**Free of Interest**	**Total**
Assets					
Cash and cash equivalents (Note 6)	1.226.385	-	-	285.778	1.512.163
Financial investments (Note 7)	288.752	-	-	-	288.752
Total	**1.515.137**	**-**	**-**	**285.778**	**1.800.915**
Short and long financial liabilities (Note 8) (1)	1.393.837	871.427	23.956	-	2.289.220
Other financial liabilities (Note 8)	-	519.829	-	-	519.829
Total	**1.393.837**	**1.391.256**	**23.956**	**-**	**2.809.049**

(1) Bank borrowings and financial leasing amounts are included in the interest rate sensitivity regarding the remaining time to repricing of financial borrowings.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by setting credit limits to individual counterparties. 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.

The table representing the Group's credit risk of financial instruments as of 31 December 2017 is as follows:

	Trade receivables		Other receivables		Cash on
	Related party	**Other**	**Related party**	**Other**	**deposit**
Maximum net credit risk as of the reporting date	**8.588**	**2.246.329**	**9.750**	**48.324**	**1.699.253**
- The part of maximum risk under guarantee with colleteral	-	**533.623**	-	-	-
A. Net book value of neither past due nor impaired financial assets	8.588	1.964.585	9.750	48.324	1.699.253
- Guaranteed amount by collateral	-	469.369	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	281.744	-	-	-
- Guaranteed amount by collateral (Note 9)	-	64.254	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, 19)	-	257.243	-	421	-
- Impairment (-) (Note 9, 19)	-	(257.243)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk (continued)

The table representing the Group's credit risk of financial instruments as of 31 December 2016 is as follows:

	Trade receivables		**Other receivables**		**Cash on**
	Related party	**Other**	**Related party**	**Other**	**deposit**
Maximum net credit risk as of the reporting date	**8.523**	**1.510.932**	**10.726**	**46.128**	**1.504.688**
- The part of maximum risk under guarantee with collateral	**-**	**370.084**	**-**	**-**	**-**
A. Net book value of neither past due nor impaired financial assets	8.523	1.289.916	10.726	46.128	1.504.688
- Guaranteed amount by collateral	-	321.183	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	221.016	-	-	-
- Guaranteed amount by collateral (Note 9)	-	48.901	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, 19)	-	273.204	-	421	-
- Impairment (-) (Note 9, 19)	-	(273.204)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk (continued)

The aging of the receivables of the Group, which are past due but not impaired including related party balances by taking into consideration past due dates are as follows:

	31 December 2017		31 December 2016	
	Related party	**Other receivables**	**Related party**	**Other receivables**
Maturity				
1-30 days overdue	-	102.961	-	94.076
1-3 months overdue	-	74.902	-	52.125
3-12 months overdue	-	59.945	-	59.369
1-5 years overdue	-	43.936	-	15.446
Total	**-**	**281.744**	**-**	**221.016**
Guaranteed amount by colleteral				
Publishing	-	23.154	-	13.748
Energy	-	29.462	-	22.388
Other	-	11.638	-	12.765
Total	**-**	**64.254**	**-**	**48.901**

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Liquidity risk (continued)

As of 31 December 2017 and 31 December 2016, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

31 December 2017	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term financial borrowing (Note 8)	3.364.818	3.684.427	1.025.156	1.762.701	793.345	103.225
Trade payables (Note 9)	1.278.158	1.286.447	876.689	409.758		-
Other financial liabilities (Note 8)	666.291	666.291	-	-	666.291	-
Other payables (Note 10)	162.665	170.799	52.251	104.838	13.710	-
Trade payables to related parties (Note 33)	26.143	26.143	-	26.143		-
Payables related to employee benefits (Note 22)	36.307	36.307	-	36.307		-
Deferred income (Note 20)	97.952	97.952	92.326	-	5.626	-
Other short-term provisions(Note:17)	36.724	36.724	-	36.724		-
Total	**5.669.058**	**6.005.090**	**2.046.422**	**2.376.471**	**1.478.972**	**103.225**

31 December 2016	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term financial borrowing (Note 8)	2.289.220	2.417.348	468.313	1.012.791	902.005	34.239
Trade payables (Note 9)	939.110	953.928	696.825	257.103	-	-
Other financial liabilities (Note 8)	519.829	636.046	-	-	496.309	139.737
Other payables (Note 10)	351.564	368.305	138.758	110.098	119.449	-
Trade payables to related parties (Note 33)	25.403	25.403	-	25.403	-	-
Short-term provisions for employment benefits(Note:22)	51.263	51.263	-	51.263	-	-
Payables related to employee benefits (Note 22)	36.796	36.796	-	36.796	-	-
Deferred income (Note 20)	63.700	63.700	56.243	-	7.457	-
Other short-term provisions(Note:17)	40.498	40.498	-	40.498	-	-
Total	**4.317.383**	**4.593.287**	**1.360.139**	**1.533.952**	**1.525.220**	**173.976**

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) 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 are determined by the Group, using available market information and appropriate valuation methodologies for each segment of the Group. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

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

Monetary assets

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

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature and immateriality of losses on collectibility.. The fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

Trade receivables are disclosed at their amortized cost using the effective interest rate method and the carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values.

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

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

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the consolidated statement of financial position.

The net liability/ total equity ratio as of 31 December 2017 and 31 December 2016 is summarized below:

	31 December 2017	**31 December 2016**
Total liability [1]	6.158.701	4.663.796
Less: Cash and cash equivlents (Note 6)	(1.708.467)	(1.512.163)
Net liability	**4.450.234**	**3.151.633**
Equity attributable to equity holders of the parent company	2.608.363	2.999.228
Total equity	**7.058.597**	**6.150.861**
Net liability / Total equity ratio	**63%**	**51%**

[1] The amounts are calculated by deducting income tax payable, derivative financial instruments and deferred tax liability accounts from total liability.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2017 **Financial assets**	**Note**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Instruments designated as hedges of financial risk**	**Fair value through profit or loss**	**Carrying value**
Cash and cash equivalents	6	1.708.467	-	-	-	-	1.708.467
Trade receivables from non-related parties	9	2.246.329	-	-	-	-	2.246.329
Trade receivables from related parties	33	8.588	-	-	-	-	8.588
Other receivables from non-related parties	10	48.324	-	-	-	-	48.324
Other receivables from related parties	33	9.750	-	-	-	-	9.750
Derivative instruments	21	-	-	-	83	-	83
Financial investments	7	-	196.880	-	-	-	196.880
Financial liabilities							
Short and long term financial liabilities	8	-	-	3.364.818	-	-	3.364.818
Trade payables to non-related parties	9	-	-	1.278.158	-	-	1.278.158
Trade payables to related parties	33	-	-	26.143	-	-	26.143
Other payables to non-related parties	10	-	-	162.665	-	-	162.665
Payables regarding employee benefits	22	-	-	36.307	-	-	36.307
Other financial liabilities	8	-	-	661.291	-	-	661.291

The Group management believes that the carrying value of the financial instruments reflect the fair value.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2016 **Financial assets**	**Note**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Instruments designated as hedges of financial risk**	**Fair value through profit or loss**	**Carrying value**
Cash and cash equivalents	6	1.512.163	-	-	-	-	1.512.163
Trade receivables from non-related parties	9	1.510.932	-	-	-	-	1.510.932
Trade receivables from related parties		8.523	-	-	-	-	8.523
Other receivables from non-related parties	10	46.128	-	-	-	-	46.128
Other receivables from related parties	33	10.726	-	-	-	-	10.726
Derivative instruments	21	-	-	-	551	-	551
Financial investments	7	-	114.882	-	-	-	114.882
Financial liabilities							
Short and long term financial liabilities	8	-	-	2.289.220	-	-	2.289.220
Trade payables to non-related parties	9	-	-	939.110	-	-	939.110
Trade payables to related parties	33	-	-	25.403	-	-	25.403
Other payables to non-related parties	10	-	-	351.564	-	-	351.564
Payables regarding employee benefits	22	-	-	36.796	-	-	36.796
Other financial liabilities	8	-	-	519.829	-	-	519.829

The Group management believes that the carrying value of the financial instruments reflect the fair value.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- First Level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- Second Level: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on prices from observable current market transactions.

- Third Level: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

		Fair value level as of reporting date		
Financial assets	**31 December 2017**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Derivative instruments held at fair value through profit or loss (Note 21)	83	-	-	83
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	125.137	-	125.137	-
Bonds and bills (Note 7)	71.741	71.741	-	-
Total	**196.961**	**71.741**	**125.137**	**83**
Financial liabilities				
Derivative instruments held at fair value through profit or loss (Note 21)	1.098	-	-	1.098
Other financial liabilities	-	-	-	-
Total	**1.098**	**-**	**-**	**1.098**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

		Fair value level as of reporting date		
Financial assets	**31 December 2016**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Derivative instruments held at fair value through profit or loss (Note 21)	551	-	-	551
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	76.716		76.716	-
Bonds and bills (Note 7)	114.882	114.882	-	-
Total	**192.149**	**114.882**	**76.716**	**551**
Financial liabilities	**-**	**-**	**-**	**-**
Derivative instruments held at fair value through profit or loss (Note 21)	-	-	-	-
Other financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL, expressed in thousands unless otherwise indicated.)

NOTE 36 - SHARES IN OTHER OPERATIONS

Financial information of TME and Aytemiz that are subsidiaries which are not wholly-owned but controlling by the Group and having significant non-controlling interests for the Group's consolidated financial statements, is presented below in accordance with TFRS 12. These financial information indicates the amounts before intra-group eliminations.

	TME	AYTEMİZ (*)	31 December 2017
Current assets	5.174	889.972	895.146
Non-current assets	9.054	639.677	648.731
Current liabilities	33.610	799.716	833.326
Non-current liabilities	30.598	207.041	237.639
Total equity	(49.980)	522.890	472.910
			1 January - 31 December 2017
Revenue	10.015	5.500.291	5.510.306
Cost of sales	(6.494)	(5.193.727)	(5.200.221)
Gross profit/(loss)	3.521	306.564	310.085
Profit/(loss) for the period	(4.386)	25.474	21.088

	TME	AYTEMİZ (*)	31 December 2016
Current assets	10.088	635.720	645.808
Non-current assets	263.751	563.028	826.779
Current liabilities	34.009	491.467	525.476
Non-current liabilities	50.898	209.692	260.590
Total equity	188.932	497.589	686.521
			1 January - 31 December 2016
Revenue	9.804	3.478.490	3.488.294
Cost of sales	(6.589)	(3.251.842)	(3.258.431)
Gross profit/(loss)	3.215	226.648	229.863
Profit/(loss) for the period	(10.089)	(6.124)	(16.213)

(*) Consist of consolidated balances.

NOTE 37 - SUBSEQUENT EVENTS

Consolidated financial statements prepared for the period ended as of 31 December 2017 are approved by the Board of Directors on 8 March 2018. The financial statements cannot be changed or modified by people who are not part of the Board of Directors.

After the statement of financial position date and as of the report date, the Group sold 140.000 units, 61.500 units, 2.277.000 units and 61.000 units respectively in Çelik Halat ve Tel Sanayi A.Ş., Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş., Milpa Ticari ve Sınai Ürünler Pazalama Sanayi ve Tic. A.Ş. and Doğan Gazetecilik shares.

It has been resolved to buy, in return for 4.018.673 Turkish Lira, 43.300 shares of the financing bonds, of the Group's direct subsidiary Doruk Faktoring A.Ş., with a nominal value of 4.330.000 Turkish Lira, whereby we have 94,89% shares in the fully issued capital of 40.000.000 Turkish Lira, which shares were issued and sold outside Borsa İstanbul A.Ş. to qualified investors on 2 February 2018, without holding a public offering, with a term of 174 days, and the discounted selling price is 92,81 Turkish Lira each (nominal value of 100,00 Turkish Lira). The purchase price is the same with purchase prices of other third parties who make purchase in this exportation.

Following completion of the issuance and sale, such financing bonds will begin to be traded among qualified investors on Borsa İstanbul A.Ş. Borrowing Instruments Market In the Outright Purchases and Sales Market.

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