

DOĐAN ŐİRKETLER GRUBU HOLDİNG A.Ő.

**CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2016
INTO ENGLISH AND INDEPENDENT AUDITORS' REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Doğan Şirketler Grubu Holding A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Group Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Doğan Şirketler Grubu Holding A.Ş. and its subsidiaries as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

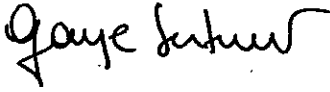
Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 9 March 2017.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2016 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



Zere Gaye Şentürk
Partner

İstanbul, 9 March 2017

CONTENTS	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5-6
CONSOLIDATED STATEMENT OF CASH FLOWS	7-9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10-135
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS.....	10-12
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	12-45
NOTE 3 BUSINESS COMBINATIONS.....	46-49
NOTE 4 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD.....	49-55
NOTE 5 SEGMENT REPORTING.....	55-59
NOTE 6 CASH AND CASH EQUIVALENTS.....	60
NOTE 7 FINANCIAL INVESTMENTS.....	61
NOTE 8 SHORT AND LONG TERM FINANCIAL BORROWINGS.....	62-65
NOTE 9 TRADE RECEIVABLES AND PAYABLES.....	66-67
NOTE 10 OTHER RECEIVABLES AND PAYABLES.....	68-69
NOTE 11 INVENTORIES.....	69-70
NOTE 12 BIOLOGICAL ASSETS.....	70
NOTE 13 INVESTMENT PROPERTIES.....	71-72
NOTE 14 PROPERTY, PLANT AND EQUIPMENT.....	73-74
NOTE 15 INTANGIBLE ASSETS.....	75-77
NOTE 16 GOVERNMENT GRANTS.....	77
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	78-85
NOTE 18 COMMITMENTS.....	86-88
NOTE 19 OTHER ASSETS AND LIABILITIES.....	88
NOTE 20 PREPAID EXPENSES AND DEFERRED INCOME.....	89
NOTE 21 DERIVATIVE INSTRUMENTS.....	90
NOTE 22 PROVISION FOR EMPLOYMENT BENEFITS.....	90-92
NOTE 23 EQUITY.....	93-97
NOTE 24 REVENUE AND COST OF SALES.....	98-101
NOTE 25 MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES.....	102-103
NOTE 26 EXPENSES BY NATURE.....	103
NOTE 27 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES.....	103-104
NOTE 28 INCOME AND EXPENSES FROM INVESTING ACTIVITIES.....	104-105
NOTE 29 FINANCE INCOME AND EXPENSES.....	105
NOTE 30 ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS.....	105
NOTE 31 INCOME TAXES.....	106-113
NOTE 32 EARNING / LOSS PER SHARE.....	113
NOTE 33 RELATED PARTY DISCLOSURES.....	114-117
NOTE 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	118-132
NOTE 35 FINANCIAL INSTRUMENTS.....	133-134
NOTE 36 SHARES IN OTHER OPERATIONS.....	134
NOTE 37 SUBSEQUENT EVENTS.....	135

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

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

ASSETS	Notes	USD(*) Audited Current Period 31 December 2016	Audited Current Period 31 December 2016	Audited Prior Period 31 December 2015
Current assets		1.109.769	3.905.503	3.965.807
Cash and cash equivalents	6	429.689	1.512.163	1.894.260
Financial investments	7	82.050	288.752	293.295
Trade receivables				
- Due from related parties	33	2.422	8.523	2.940
- Due from non-related parties	9	422.162	1.485.674	1.212.010
Other receivables				
-Due from related parties	33	3.048	10.726	2.320
-Due from non-related parties	10	4.844	17.046	17.093
Inventories	11	125.412	441.350	374.448
Prepaid expenses	20	23.182	81.583	95.310
Derivative instruments	21	157	551	-
Biological assets	12	61	215	76
Other current assets	19	16.742	58.920	74.055
Non-current assets		1.115.705	3.926.393	3.482.631
Trade receivables	9	7.177	25.258	21.374
Other receivables				
-Due from related parties	33	-	-	29.076
-Due from non-related parties	10	8.264	29.082	31.235
Financial investments	7	21.799	76.716	41.598
Investments accounted by the equity method	4	91.916	323.471	309.131
Investment properties	13	161.932	569.870	376.075
Property, plant and equipment	14	331.865	1.167.901	1.041.089
Intangible assets				
- Other intangible assets	15	317.365	1.116.872	953.972
- Goodwill	15	114.717	403.713	403.713
Prepaid expenses	20	14.669	51.623	46.197
Deferred tax asset	31	12.021	42.303	106.105
Other non-current assets	19	33.980	119.584	123.066
Total assets		2.225.474	7.831.896	7.448.438

The consolidated financial statements as of and for the period ended 31 December 2016 have been approved by the Board of Directors on 9 March 2017.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

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

LIABILITIES	Notes	USD(*) Audited Current Period 31 December 2016	Audited Current Period 31 December 2016	Audited Prior Period 31 December 2015
Current liabilities		792.419	2.788.691	2.700.917
Short-term borrowings	8	309.283	1.088.428	738.949
Short-term portion of long-term borrowings	8	86.784	305.409	717.110
Other financial liabilities	8	-	-	175.395
Trade payables				
- Due to related parties	33	7.218	25.403	27.129
- Due to non-related parties	9	266.853	939.110	733.847
Payables related to				
employee benefits	22	10.456	36.796	23.394
Deferred income	20	15.982	56.243	40.014
Other payables	10	65.953	232.115	159.859
Current income tax liability	31	3.815	13.426	1.888
Short-term provisions				
- Short-term provisions for employment benefits	22	14.567	51.263	44.070
- Other short-term provisions	17	11.508	40.498	39.262
Non-current liabilities		575.711	2.026.041	1.705.310
Long-term borrowings	8	254.428	895.383	665.525
Investments accounted for by the equity method	4	64.587	227.293	155.315
Other financial liabilities	8	147.712	519.829	517.700
Other payables	10	33.942	119.449	103.495
Deferred income	20	2.119	7.457	1.410
Long-term provisions				
- Long-term provisions for employment benefits	22	33.849	119.120	109.481
Deferred tax liability	31	39.074	137.510	152.384
EQUITY		857.344	3.017.164	3.042.211
Equity attributable to equity holders of the parent company		732.651	2.578.346	2.652.122
Share capital	23	743.617	2.616.938	2.616.938
Adjustments to share capital	23	40.784	143.526	143.526
Repurchased shares (-)	23	(591)	(2.080)	-
Premiums (discounts) related to shares	23	9.991	35.159	35.159
Other comprehensive income (expenses) that will not be reclassified in profit or loss				
- Gain (loss) on revaluation of property, plant and equipment	23	13.641	48.007	11.662
- Actuarial gains (losses) on defined benefit plans	23	(10.744)	(37.810)	(31.032)
Other comprehensive income (expenses) that will be reclassified in profit or loss				
- Change in currency translation reserves		63.071	221.961	87.357
- Gain (loss) on revaluation and reclassification	23	4.433	15.602	514
Restricted reserves	23	89.503	314.979	1.267.933
Retained earnings or accumulated losses		(158.761)	(558.713)	(1.319.115)
Net profit or loss for the period		(62.293)	(219.223)	(160.820)
Non-controlling interests		124.693	438.818	390.089
Total liabilities		2.225.474	7.831.896	7.448.438
Commitments	18			

The accompanying notes form an integral part of these consolidated financial statement

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2016

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

	Notes	USD (*) Audited Current Period 1 January - 31 December 2016	Audited Current Period 1 January - 31 December 2016	Audited Prior Period 1 January - 31 December 2015
Profit or Loss				
Revenue	24	2.209.095	7.774.247	5.951.038
Cost of Sales (-)	24	(1.845.473)	(6.494.589)	(4.924.311)
Gross Profit (Loss)	24	363.622	1.279.658	1.026.727
General Administrative Expenses (-)	25	(108.266)	(381.008)	(335.921)
Marketing Expenses (-)	25	(204.879)	(721.009)	(603.092)
Other Income From Operating Activities	27	149.989	527.843	646.905
Other Expenses From Operating Activities (-)	27	(85.137)	(299.613)	(291.359)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	(48.043)	(169.072)	(183.645)
Operating Profit (Loss)		67.286	236.799	259.615
Income from Investment Activities	28	45.181	159.002	207.426
Expenses from Investment Activities (-)	28	(50.334)	(177.134)	(161.283)
Operating Profit (Loss) Before Finance (Expense)/Income		62.133	218.667	305.758
Finance Income	29	438	1.543	40.854
Finance Expenses (-)	29	(108.091)	(380.404)	(455.573)
Profit (Loss) Before Taxation From Continued Operations		(45.520)	(160.194)	(108.961)
Tax (Expense) Income From Continued Operations	31	(20.940)	(73.692)	(64.033)
Tax (Income) Expense for the Period		(13.915)	(48.968)	(68.032)
Deferred Tax Income/ (Expense)		(7.025)	(24.724)	3.999
Profit (Loss) For The Period		(66.460)	(233.886)	(172.994)
Allocation of Profit (Loss) For The Period				
Attributable to Non-Controlling Interests		(4.167)	(14.663)	(12.174)
Attributable to Equity Holders of the Parent Company		(62.293)	(219.223)	(160.820)
Loss Per Share Attributable to Equity Holders of the Parent Company	32	(0,024)	(0,084)	(0,061)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2016

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

	<i>USD(*)</i> <i>Audited</i> <i>Current Period</i> <i>1 January-</i> <i>31 December</i> <i>2016</i>	<i>Audited</i> <i>Current Period</i> <i>1 January-</i> <i>31 December</i> <i>2016</i>	<i>Audited</i> <i>Prior Period</i> <i>1 January-</i> <i>31 December</i> <i>2015</i>
Profit (Loss) For The Period	(66.460)	(233.886)	(172.994)
OTHER COMPREHENSIVE INCOME			
Will Not Be Reclassified As Profit or Loss			
Gain (loss) on revaluation of property, plant and equipment	14.000	49.269	10.716
Actuarial gains (losses) on defined benefit plans	22 (2.408)	(8.473)	(66)
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	(700)	(2.463)	(56)
Tax effect on actuarial gains (losses) on defined benefit plans	482	1.695	13
Accumulated Other Comprehensive Income and Losses That Will Be Reclassified As Profit or Loss			
Currency translation differences	45.090	158.680	19.206
Gain (losses) on revaluation and/or reclassification of financial assets available for sale	4.287	15.088	4.691
OTHER COMPREHENSIVE INCOME / (EXPENSE)	60.751	213.796	34.504
TOTAL COMPREHENSIVE EXPENSE	(5.709)	(20.090)	(138.490)
Allocation of Total Comprehensive Expense			
Attributable to Non-Controlling Interests	14.664	51.606	(29.291)
Attributable to Equity Holders of the Parent Company	(20.373)	(71.696)	(109.199)

(*) 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 2016.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016

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

	Note	Share Capital	Adjustments to share capital	Repurchased shares	Gains/losses on revaluation of property, plant and equipment	Actuarial gains/losses on defined benefit plans	Premiums /discounts related to share	Gain/(loss) on revaluation and/or reclassification of financial assets available for sale	Accumulated other comprehensive income or loss that will be reclassified as profit or loss	Currency translation differences	Restricted reserves	Retained earnings/losses accumulated	Net profit/loss for the period	Equity attributable to holders of the parent company	Non-controlling interests	Equity
Balances as of 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)	160.820	2.652.122	390.089	3.042.211
Transfers (1)		-	-	-	-	-	-	-	-	(952.954)	792.134	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.763)	(2.763)
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	(2.763)	(2.763)
Increase (decrease) due to repurchasing of shares		-	-	(2.080)	-	-	-	-	-	-	-	-	-	(2.080)	-	(2.080)
Increase (decrease) regarding other changes(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense)		-	-	-	36.345	(6.778)	-	15.088	134.604	-	(31.732)	(219.223)	(219.223)	(71.696)	51.606	(20.090)
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	(219.223)	(219.223)	(14.663)	(233.886)
Other comprehensive income (expense)		-	-	-	36.345	(6.778)	-	15.088	134.604	-	(31.732)	-	-	147.527	66.269	213.796
Balances as of 31 December 2016	23	2.616.938	143.526	(2.080)	48.007	(37.810)	35.159	15.602	221.961	314.979	(558.713)	(219.223)	(219.223)	2.578.346	438.818	3.017.164

(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 ratio of the Group in its subsidiary 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 TME. This transaction was treated as "equity" transaction and considering that there was no cash movement outside the Group during the capital increase, the change in "non-controlling interests" was accounted under "retained earnings" under shareholders' equity.

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

DOGAN ŞİRKETLER GRUBU HOLDING A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016

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

	Note	Share Capital	Adjustments to share capital	Accumulated other comprehensive income or loss that will not be reclassified as profit or loss		Gains/losses on revaluation of property, plant and equipment	Actuarial gains/losses on defined benefit plans	Premiums /discounts related to share	Accumulated other comprehensive income or loss that will be reclassified as profit or loss		Retained earnings/ accumulated losses	Net profit/ loss for the period	Equity attributable to equity holders of the parent company	Non-controlling interests	Equity
				Gains/losses on revaluation of financial assets available for sale	Currency translation differences				Restricted reserves						
Balances as of 1 January 2015	23	2.616.938	143.526	1.002	(30.979)	35.159	(4.177)	51.034	1.281.168	(1.113.482)	(224.970)	2.755.219	154.631	2.909.850	
Transfers		-	-	-	-	-	-	-	(13.235)	(211.735)	224.970	-	-	-	
Dividends		-	-	-	-	-	-	-	-	-	-	-	(3.700)	(3.700)	
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	(3.700)	(3.700)	
Acquisition or disposal of subsidiary		-	-	-	-	-	-	-	-	-	-	-	145.090	145.090	
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	127.000	127.000	
Other contribution of shareholders		-	-	-	-	-	-	-	-	6.535	-	-	6.535	7.863	
Increase (decrease) regarding other changes		-	-	-	-	-	-	-	-	(433)	-	-	(433)	(5.402)	
Total comprehensive income/(expense)		-	-	10.660	(53)	-	4.691	36.323	-	-	(160.820)	-	(109.199)	(138.490)	
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	(160.820)	-	(160.820)	(172.994)	
Other comprehensive income (expense)		-	-	10.660	(53)	-	4.691	36.323	-	-	-	-	51.621	34.504	
Balances as of 31 December 2015	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	

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD
31 DECEMBER 2016 AND 2015**

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

	Notes	USD (*) Audited 1 January - 31 December 2016	Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
A. Net Cash From Operating Activities		238.409	839.002	557.889
Profit (loss) for the period		(66.460)	(233.886)	(172.994)
Adjustments regarding reconciliation of net profit (loss) for the period		299.514	1.054.048	832.467
Adjustments regarding depreciation and amortization	11,14,15	138.103	486.012	313.510
Adjustments regarding provision for (reversal) of impairment	15	25.553	89.927	44.962
Adjustments regarding provisions				
<i>Adjustments regarding provisions for (reversal) of employee benefits</i>		8.827	31.063	21.143
<i>Adjustments regarding provisions (reversal) for lawsuits and/or penalty</i>		4.383	15.423	(3.744)
<i>Adjustments regarding other provisions (reversals)</i>		6.055	21.307	53.360
Adjustments regarding interest income and expenses				
<i>Adjustments regarding interest income</i>		(18.824)	(66.246)	(87.945)
<i>Adjustments regarding interest expenses</i>		19.941	70.177	185.708
<i>Deferred financial expense due to purchases with maturity</i>	27	7.412	26.085	16.633
<i>Unearned financial income due to sales with maturity</i>	27	(16.727)	(58.864)	(49.296)
Adjustments regarding changes in unrealised foreign exchange differences		81.171	285.657	163.339
Adjustments regarding fair value (gains) losses		(24.072)	(84.715)	(34.303)
Adjustments regarding losses (gains) on disposal of non-current assets	28	(1.291)	(4.542)	(12.891)
Adjustments regarding undistributed profits of investments accounted by the equity method	4	48.043	169.072	183.645
Adjustments regarding tax income (expense)	31	20.940	73.692	64.033
Adjustments regarding losses (gains) on disposal of subsidiaries or joint ventures		-	-	(840)
Adjustments regarding (gains) losses related to changes in share or disposal of associates, joint ventures and financial investments	28	-	-	(24.847)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD
31 DECEMBER 2016 AND 2015**

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

Notes	<i>USD (*) Audited 1 January- 31 December 2016</i>	<i>Audited 1 January- 31 December 2016</i>	<i>Audited 1 January- 31 December 2015</i>
Changes in working capital	(11.566)	(40.705)	(160.770)
Adjustments for other increase (decrease) in working capital			
<i>Decrease (increase) in other assets regarding operations</i>	9.042	31.822	72.018
<i>Increase (decrease) in other liabilities regarding operations</i>	(3.432)	(12.079)	(1.830)
Adjustments for decrease (increase) in inventories	(18.089)	(63.659)	(58.300)
Adjustments for decrease (increase) in trade receivables			
<i>Decrease (increase) in trade receivables from related parties</i>	(1.586)	(5.583)	590
<i>Decrease (increase) in trade receivables from non-related parties</i>	(90.710)	(319.225)	(233.623)
Increase (decrease) in payables due to employee benefits	3.808	13.402	14.502
Adjustments regarding decrease (increase) in other receivables on operations			
<i>Decrease (increase) in other non-related party receivables related with operations</i>	6.499	22.870	14.332
Adjustments regarding increase (decrease) in trade payables			
<i>Increase (decrease) in trade payables to related parties</i>	(490)	(1.726)	(8.789)
<i>Increase (decrease) in trade payables to non-related parties</i>	58.327	205.263	23.611
Adjustments regarding increase (decrease) in other payables on operations			
<i>Increase (decrease) in other payables regarding operations with non-related parties</i>	25.065	88.210	16.719
Net Cash Provided by Operating Activities	221.488	779.457	498.703
Payments regarding provisions for employee benefits	22	(6.451)	(14.443)
Income tax refunds (payments)		(10.636)	(73.441)
Payments regarding other provisions		(4.744)	(3.939)
Other cash inflow (outflow)		2.043	13.768
Interest received		36.709	129.185
		129.185	137.241

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD
31 DECEMBER 2016 AND 2015

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

	Notes	USD (*) Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
B. Net Cash Provided by Investing Activities				
		(297.954)	(1.048.558)	(589.710)
Proceeds regarding disposal of property, plant, equipment and intangible assets held for sale				
		13.741	48.358	90.850
Cash outflows regarding acquisition of share and / or debt instruments of other entities or funds				
		(633)	(2.227)	(56.022)
Cash outflows regarding acquisition of property, plant and equipment and intangible assets				
14,15		(223.632)	(787.005)	(433.180)
Cash outflows regarding acquisition of investment properties				
13		(15.982)	(56.244)	(27.604)
Cash outflows regarding derivative instruments				
		(50.985)	(179.425)	(171.897)
Cash inflows regarding disposal of shares that doesn't cause loss of control of subsidiaries				
		-	-	127.000
Cash outflows regarding capital increase and / or share increase of associates and/or joint ventures				
		(20.447)	(71.958)	(29.735)
Cash inflows regarding capital decrease and / or share decrease of associates and/or joint ventures				
		575	2.023	97.601
Cash outflows regarding purchases resulting in obtaining control of subsidiaries				
		(591)	(2.080)	(195.241)
Cash inflows regarding sales resulting in losing control of subsidiaries				
		-	-	2.390
Other cash inflows / (outflows)				
		-	-	6.128
C. Net Cash from Financing Activities				
		(47.870)	(168.466)	(244.584)
Proceeds from borrowings				
<i>Proceeds from borrowings</i>				
		430.023	1.513.338	790.681
Cash outflow regarding repayments				
<i>Cash outflows regarding repayment of loan</i>				
		(423.829)	(1.491.540)	(898.575)
Interest paid				
		(51.342)	(180.685)	(188.125)
Other cash inflows (outflows)				
		(2.722)	(9.579)	51.435
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)				
		(107.417)	(378.022)	(276.405)
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS, NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)				
		(107.417)	(378.022)	(276.405)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD				
6		536.173	1.886.899	2.163.304
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)				
6		428.756	1.508.877	1.886.899

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 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 June 21, 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 2016 (31 December 2015: 35,94%). As of the reporting date, circulation rate of shares are 35,95%.

The address of Holding's registered office is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34696 İstanbul

As of 31 December 2016, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated by using the "full consolidation method", is 8.635 (domestic 7.724) (31 December 2015: 8.678; domestic 7.547). Holding has 133 employees (31 December 2015: 157 employees).

Doğan Holding has the following subsidiaries ("Subsidiaries"). The natures of the business, segment and countries of the subsidiaries are as follows:

Subsidiaries	Country	Nature of business	Segment
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Turkey	Newspaper publishing	Media
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Turkey	Newspaper publishing	Media
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım")	Turkey	Distribution	Media
Doğan Dış Ticaret ve Müteselliklik A.Ş. ("Doğan Dış Ticaret")	Turkey	Import and export	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	News agency	Media
Yenibirş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibirş")	Turkey	Internet services	Media
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Turkey	Internet services	Media
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung")	Germany	Newspaper printing	Media
Doğan Media International GmbH ("DMI")	Germany	Newspaper publishing	Media
Hürriyet Invest B.V. ("Hürriyet Invest")	Netherlands	Investment	Media
Falcon Purchasing Services Ltd. ("Falcon")	England	Foreign Trade	Media
Trader Media East Ltd. ("TME")	Jersey	Investment	Media
TCM Adria d.o.o.	Croatia	Investment	Media
Mirabridge International B.V.	Netherlands	Investment	Media
Publishing International Holding B.V.	Netherlands	Investment	Media
OOO RUKOM	Russia	Internet publishing	Media
OOO Pronto Aktobe	Kazakhstan	Newspaper and Internet publishing	Media
OOO Pronto Baikal	Russia	Newspaper and Internet publishing	Media
OOO Pronto Kazan	Russia	Newspaper and Internet publishing	Media
OOO Pronto Oka	Russia	Newspaper and Internet publishing	Media
OOO Pronto Samara	Russia	Newspaper and Internet publishing	Media
OOO Pronto Media Holding Ltd.	Russia	Newspaper and Internet publishing	Media
OOO Utro Peterburga	Russia	Newspaper and Internet publishing	Media
OOO SP Belpronto	Belarus	Newspaper and Internet publishing	Media
ZAO Pronto Akzhol	Kazakhstan	Newspaper and Internet publishing	Media
TOO Pronto Akmola	Kazakhstan	Newspaper and Internet publishing	Media
OOO Pronto Atyrau	Kazakhstan	Newspaper and Internet publishing	Media
OOO Pronto Aktau	Kazakhstan	Newspaper and Internet publishing	Media

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

Subsidiaries	Country	Nature of business	Segment
ID Impress Media Marketing LLC	Russia	Publishing	Media
OOO Rektcentr	Russia	Investment	Media
Publishing House Pennsylvania Inc.	USA	Investment	Media
Pronto Ust Kamenogorsk	Kazakhstan	Newspaper publishing	Media
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet Yayıncılığı")	Turkey	İnternet publishing	Media
Doğan TV Holding A.Ş. ("Doğan TV Holding")	Turkey	Tv publishing	Media
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	Turkey	Tv publishing	Media
Mozaik İletişim Hizmetleri A.Ş. ("Mozaik" or "D-smart")	Turkey	Tv publishing	Media
Doruk Televizyon ve Radyo Yayıncılık A.Ş. ("Doruk Televizyon" or "CNN Türk")	Turkey	Tv publishing	Media
Doğan TV Digital Platform İşletmeciliği A.Ş. ("Doğan TV Dijital")	Turkey	Tv publishing	Media
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş. ("Fun TV")	Turkey	Tv publishing	Media
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Tempo TV")	Turkey	Tv publishing	Media
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş. ("Kanal Spor")	Turkey	Tv publishing	Media
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş. ("Milenyum TV")	Turkey	Tv publishing	Media
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("TV 2000")	Turkey	Tv publishing	Media
Popüler Televizyon ve Radyo Yayıncılık A.Ş. ("Popüler TV")	Turkey	Tv publishing	Media
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Turkey	Tv publishing	Media
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Bravo TV")	Turkey	Tv publishing	Media
Doğa Televizyon ve Radyo Yayıncılık A.Ş. ("Doğa TV")	Turkey	Tv publishing	Media
Blutv İletişim ve Dijital Yayın Hizmetleri A.Ş. ("Blutv İletişim")	Turkey	Tv publishing	Media
Mavi Dijital Teknoloji Hizmetleri ve Ticaret A.Ş. ("Mavi Digital")	Turkey	İnternet publishing	Media
Dark Yapımcılık ve Ticaret A.Ş. ("Dark Yapımcılık")	Turkey	TV publishing	Media
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Altın Kanal")	Turkey	Tv publishing	Media
Stil Televizyon ve Radyo Yayıncılık A.Ş. ("Stil TV")	Turkey	Tv publishing	Media
Selenit Televizyon ve Radyo Yayıncılık A.Ş. ("Selenit TV")	Turkey	Tv publishing	Media
Trend Televizyon ve Radyo Yayıncılık A.Ş. ("Trend TV" or "D Çocuk")	Turkey	Tv publishing	Media
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş. ("Ekinoks TV")	Turkey	Tv publishing	Media
Fleks Televizyon ve Radyo Yayıncılık A.Ş. ("Fleks TV")	Turkey	Tv publishing	Media
Kutup Televizyon ve Radyo Yayıncılık A.Ş. ("Kutup TV")	Turkey	Tv publishing	Media
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Galaksi TV")	Turkey	Tv publishing	Media
Yörünge Televizyon ve Radyo Yayıncılık A.Ş. ("Yörünge TV")	Turkey	Tv publishing	Media
Tematik Televizyon ve Radyo Yayıncılık A.Ş. ("Tematik TV")	Turkey	Tv publishing	Media
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Süperkanal")	Turkey	Tv publishing	Media
Uydu İletişim Basın Yayın A.Ş. ("Uydu")	Turkey	Tv publishing	Media
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. ("Eko TV")	Turkey	Tv publishing	Media
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. ("Doğan Uydu Haberleşme")	Turkey	Tv publishing	Media
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("Rapsodi Radyo")	Turkey	Radio publishing	Media
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Turkey	Music and entertainment	Media
Primeturk GmbH ("Prime Turk")	Germany	Marketing	Media
Osmose Media S.A ("Osmose Media")	Luxembourg	Marketing	Media
Doğan Media International S.A. ("Kanal D Romania")	Romania	Tv publishing	Media
Doğan Faktoring A.Ş. ("Doğan Faktoring")	Turkey	Factoring	Other
Doğan Müzik Kitap Mağazacılık ve Ticaret A.Ş. ("D&R")	Turkey	Retail	Retail
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Turkey	Retail	Retail
A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret A.Ş. ("A.G.T.Tanıtım")	Turkey	Retail	Retail
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Turkey	Energy	Energy
Galata Wind Enerji A.Ş. ("Galata Wind")	Turkey	Energy	Energy
Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz Akaryakıt")	Turkey	Energy	Energy
Gaziemir Petrol Ticaret Limited Şirketi ("Gaziemir Petrol")	Turkey	Energy	Energy
Aytemiz Petrolölülük Ticaret Limited Şirketi (Aytemiz Petrolölülük")	Turkey	Energy	Energy
D-Tes Elektrik Enerjisi Toptan Satış A.Ş. ("D-Tes")	Turkey	Energy	Energy
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Turkey	Trade	Other
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Otomotiv")	Turkey	Trade	Other
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Turkey	Production	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Turkey	Production	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Turkey	Tourism	Other

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Subsidiaries	Country	Nature of business	Segment
Marlin Oto Kiralama Seyahat Hizmetleri A.Ş. ("Marlin Oto")	Turkey	Tourism	Other
İlke Turistik Yatırımları A.Ş. ("İlke Turistik")	Turkey	Tourism	Other
Marlin Otelecilik ve Turizm A.Ş. ("Marlin Otelecilik")	Turkey	Tourism	Other
Neta Yönetim ve Danışmanlık Havacılık Hizmetleri A.Ş. ("Neta Yönetim")	Turkey	Tourism	Other
Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. ("Doğan Organik")	Turkey	Agriculture	Other
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Romania	Real estate	Other
DHI Investment B.V. ("DHI Investment")	Netherland	Investment	Other
D Stroy Limited ("D Stroy")	Russia	Trade	Other
Ditas America LLC ("Ditas America")	USA	Trade	Other
Ditas Trading (Shanghai) Co. Ltd. ("Ditas Trading")	People's Republic of China	Trade	Other
M Investment 1 LLC ("M Investment")	USA	Real estate	Other
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Öncü Girişim")	Turkey	Investment	Other
Suzuki Motorlu Araçlar Pazarlama A.Ş. ("Suzuki")	Turkey	Trade	Other
Glokal Motorlu Araçlar Pazarlama A.Ş. ("DAF")	Turkey	Trade	Other
Trend Motosiklet Pazarlama A.Ş. ("Trend Motosiklet")	Turkey	Trade	Other

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Statement of compliance with TAS

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 based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the 2016 TAS Taxonomy as stated above.

Adjustment to the financial statements in hyperinflationary periods

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

2.1.2 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 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 (e) 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.

Subsidiaries and Joint Ventures 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

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.

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 full consolidation method by the date the Group takes the control. 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.

The statement of financial positions and the statements of profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Holding and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Doğan Holding and its subsidiaries 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. Where necessary, adjustments are made to the accounting policies in the financial statements of subsidiaries in order to comply with the Group's accounting policies.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Changes in the current share capital of the Subsidiary of the Group

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income and accumulated in equity in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets of the subsidiary (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by the relevant TAS). When control is lost, the fair value of any investment retained in the former subsidiary at the date is regarded as the fair value on initial recognition for subsequent accounting under the scope of TAS 39 Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2016 and 31 December 2015:

Subsidiaries	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 (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
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
DMI	100,00	100,00	-	-	100,00	100,00	90,52	90,52
Mozaik	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doğan Haber Ajansı	99,99	99,99	-	-	99,99	99,99	99,99	99,99
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Hürriyet								
Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	77,65
TME ⁽¹⁾	97,29	78,57	-	-	97,29	78,57	75,54	61,01
Mirabridge								
International B.V.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Publishing International								
Holding B.V.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Publishing House								
Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	45,32	36,61
OOO Pronto Aktobe	64,00	64,00	-	-	64,00	64,00	48,35	39,05
OOO Pronto Baikal ⁽²⁾	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto DV ⁽³⁾	-	100,00	-	-	-	100,00	-	61,01
OOO Pronto Kazan ⁽⁴⁾	72,00	100,00	-	-	72,00	100,00	54,39	61,01
OOO Pronto Novosibirsk ⁽⁵⁾	-	100,00	-	-	-	100,00	-	61,01
OOO Pronto Oka ⁽⁶⁾	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto Vladivostok ⁽⁷⁾	-	90,00	-	-	-	90,00	-	54,91
OOO Pronto Media								
Holding Ltd.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Utro Peterburga ⁽⁸⁾	55,00	55,00	-	-	55,00	55,00	41,55	33,56
OOO Pronto Smolensk ⁽⁹⁾	-	100,00	-	-	-	100,00	-	61,01
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto Atyrau	80,00	80,00	-	-	80,00	80,00	60,43	48,81
OOO Pronto Aktau	80,00	80,00	-	-	80,00	80,00	60,43	48,81
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	60,43	48,81
OOO RUKOM ⁽¹⁰⁾	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Pronto Soft ⁽¹¹⁾	-	90,00	-	-	-	90,00	-	54,91
Prime Turk	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Osrose Media	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Impress Media								
Marketing LLC ⁽¹²⁾	-	91,00	-	-	-	91,00	-	55,52
Pronto Ust Kamenogorsk ⁽¹³⁾	80,00	80,00	-	-	80,00	80,00	60,43	48,81
Doğan TV Holding ⁽¹⁴⁾	92,88	90,61	0,11	0,11	92,99	90,72	92,88	90,61
Kanal D	94,97	94,97	5,03	5,03	100,00	100,00	88,21	86,06

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

Subsidiaries	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 (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Fun TV	100,00	100,00	-	-	100,00	100,00	92,96
Tempo TV	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Kanalspor	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Milenyum TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
TV 2000	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Popüler TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Bravo TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doğa TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Altın Kanal	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Stil TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Selenit TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Trend TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Fleks TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Kutup TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Galaksi TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Yörünge TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Tematik TV	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Süper Kanal	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Uydu	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Eko TV	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	92,88	90,61
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	92,88	90,61
DMC	100,00	100,00	-	-	100,00	100,00	92,88	90,61
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
Doğan Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	98,86
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Orta Anadolu Otomotiv ⁽¹⁵⁾	100,00	85,00	-	-	100,00	85,00	100,00	85,00
Çelik Halat ⁽¹⁶⁾	78,85	78,70	-	-	78,85	78,70	78,85	78,70
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Organik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
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-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Stroy	100,00	100,00	-	-	100,00	100,00	73,59	73,59
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Tes	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
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Öncü Girişim	100,00	100,00	-	-	100,00	100,00	100,00	100,00

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

Subsidiaries	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 (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Ditas America	100,00	100,00	-	-	100,00	100,00	73,59
Ditas Trading ⁽¹⁷⁾	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Aytemiz Akaryakıt	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Aytemiz Gaz ⁽¹⁸⁾	-	100,00	-	-	-	100,00	-	50,00
Aksu Doğal Gaz ⁽¹⁸⁾	-	100,00	-	-	-	100,00	-	50,00
Aytemiz Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Gaziemir Petrol	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Blutv İletişim	100,00	100,00	-	-	100,00	100,00	90,63	88,44
ID Impress Media Marketing	91,00	91,00	-	-	91,00	91,00	68,74	55,52
Glokal ⁽¹⁹⁾	100,00	-	-	-	100,00	-	77,65	-
DAF ⁽²⁰⁾	100,00	-	-	-	100,00	-	100,00	-
Mavi Digital ⁽²¹⁾	100,00	-	-	-	100,00	-	88,21	-
Dark Yapımcılık ⁽²²⁾	70,00	-	-	-	70,00	-	61,75	-
Trend Motosiklet ⁽²³⁾	99,84	-	-	-	99,84	-	99,84	-
Marlin Oto ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-
İlke Turistik ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-
Neta Yönetim ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-
Marlin Otelcilik ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-

(1) The share in the related subsidiary's has increased due to the capital investment.

(2) The related subsidiary is in the process of liquidation as of 5 October 2015.

(3) The related subsidiary has been liquidated as of 23 June 2016.

(4) The related subsidiary is in the process of liquidation as of November 2015.

(5) The related subsidiary has been liquidated as of June 2016.

(6) The related subsidiary ceased its operations before 2010.

(7) The related subsidiary has been liquidated as of April 2016.

(8) The related subsidiary ceased its operations before 2010.

(9) The related subsidiary has been liquidated as of October 2016.

(10) The related subsidiary ceased its operations in 2012.

(11) The related subsidiary has been liquidated as of February 2016.

(12) The related subsidiary has been sold as of March 2016.

(13) The related subsidiary is in the process of liquidation as of December 2016.

(14) According to the statutory records of the Group, proportion of effective ownership interest of Doğan TV Holding is 92,88%. 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 99,86%.

(15) The Group has purchased 15% of shares belonging to other parties as of February 2016.

(16) The Group has purchased 0,15 % of shares of the related subsidiary from Borsa İstanbul as of 13 January 2016.

(17) The liquidation process has started as of 20 January 2017.

(18) The related subsidiaries have merged under the name of Aytemiz Akaryakıt on 25 January 2016.

(19) The related subsidiary was established as of 26 May 2016.

(20) The related subsidiary was established as of 29 August 2016.

(21) The related subsidiary was established as of 2 November 2016.

(22) The related subsidiary was established as of 10 November 2016.

(23) The related subsidiary was established as of 11 October 2016.

(24) The related subsidiaries were established as of 27 December 2016.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

Associates and joint ventures are recognized using the "equity method" in these consolidated financial statements. Under the equity method, an investment in associate or a joint venture is recognized in the consolidated statement of financial position at cost adjusted to recognize the Group's share of the profit or loss and other comprehensive income with the deduction of any impairment loss in the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

Unrealised gains on transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting method is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate or the significant influence of the Group ceases.

(b) Associates and Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Doğan Holding and one or more other parties.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which only exists when decisions about the relevant activities require unanimous consent of the parties sharing control.

In accordance with the amendments to TFRS 11 effective from 1 January 2013, joint ventures are started to be recognised under the equity method for which the details are presented below starting from this date and the related amendments are applied retrospectively and financial statements are restated accordingly. Condensed financial statements of entities under common control are disclosed in Note 4.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but do not have control or joint control over those policies. Associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, an investment in associate or a joint venture is recognized in the consolidated statement of financial position at cost adjusted to recognize the Group's share of the profit or loss and other comprehensive income with the deduction of any impairment loss in the associate or a joint venture. Where the investment's share of losses in the associate or joint venture exceeds the Group's share in the associate or joint venture (including any long-term investments that, in substance, form part of the Group's net investment in the associate or joint venture), the exceeding portion of losses are not recognised. Consideration of additional loss is only possible in case the Group has been exposed to legal liability or has made to payments in the name of associate or joint venture.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

2.1.4 Consolidation principles (continued)

(b) *Associates and Joint Ventures (continued)*

Unrealized gains on transactions between the Group and its associates are restated in proportion to the Group's share in the associate and unrealized losses are also restated when there is no indication of impairment of the transferred asset. The Group ceases to use the equity method when they don't fall under obligations with respect to associates, the carrying value of the associates is zero or the significant influence of the Group is over.

(c) *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 statement of income.

(d) *Financial investments*

Other investments in which the Group and its subsidiaries, have less than 20% or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consolidated financial statements are classified as "available for sale financial assets". Available for sale investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any allowance for impairment (Note 7).

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 2016 with 31 December 2015. Statement of profit or loss and other comprehensive income, statement of cash flow and statement of changes in equity for the period ended 31 December 2016, are presented comparatively with the financial statements as of the period 1 January-31 December 2015. 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.

The Group management reassessed its prior period inventory purchases in accordance with the delivery conditions and journalised goods in transit amounting to TL 7.074 at 31 December 2015 to "inventories" and "trade payables" accounts in the consolidated statement of financial position because of the fact that ownership and risk of the stocks have been transferred to the Group. The related classification does not have any effect on "net profit / loss for the period".

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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

Changes in accounting policies arising from the first time adaptation of a new TAS are applied retrospectively or prospectively in accordance with the respective TAS transition requirements, if any. Where there are no transition requirements for any changes or optional significant changes in accounting policies and identified accounting errors, those are applied retrospectively and prior period financial statements are restated accordingly.

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) Amendments to TAS effecting the amounts in the consolidated financial statements and notes
None noted.

(b) Standards effective from 2016 and have no effect on the consolidated financial statements of the Group, amendments and interpretations to existing standards

TAS 16 and TAS 38 (Amendments)	<i>Clarification of Acceptable Methods of Depreciation and Amortisation¹</i>
TAS 16 and TAS 41 (Amendments)	<i>Agriculture: Bearer Plants¹</i>
TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (Amendments)	
TFRS 11 and TFRS 1 (Amendments)	<i>Accounting for Acquisition of Interests in Joint operations¹</i>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1²</i>
TAS 1 (Amendments)	<i>Disclosure Initiative²</i>
Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19²</i>
TAS 27 (Amendments)	<i>Equity Method in Separate Financial Statements²</i>
TFRS 10 and TAS 28 (Amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
TFRS 10, TFRS 12 and TAS 28 (Amendments)	<i>Investment Entities: Implication of Consolidation Exceptions²</i>
TFRS 14	<i>Regulatory Deferral Accounts²</i>

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

2.1.7 New and Revised Turkish Financial Reporting Standards (continued)

c) Standards that are not yet effective, and amendments and interpretations to existing standards

The Group has not implemented the following standards, which are not effective yet, and amendments and interpretations to current standards:

TFRS 9	<i>Financial Instruments</i> ¹
TFRS 15	<i>Revenue from Contracts with Customers</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated 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 3,5192 = USD 1,00 as of 31 December 2016. 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

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).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. 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).

Sales and repurchase agreements

Funds given in return for financial assets purchase with the requirement of selling back ("Reverse repo") are recognised 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 recognised by the adding to the cost of reverse repos. Funds provided in return for financial assets reverse repurchase are recognised 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).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Trade receivables and provision for doubtful receivables (continued)

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 provides provision for its receivables for which there are no special agreed guarantees and overdue for more than a year. 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 recognised 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. 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 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.

Promotion stocks

Evaluation of impairment on promotion stocks and in detection of an impairment; evaluation of the impairment amount is carried out by the Group management. In this manner, an inventory impairment amount is set with the rates determined by the Group management by taking the purchasing date into consideration (Note 11).

Broadcasting programme stocks

Programme stocks comprise of internal and external productions that have been produced but not yet broadcasted as of the statement of financial position date. Programme stocks are recognised at acquisition or production cost and they are not subject to amortization. These programmes are charged to the statement of profit or loss upon the first transmission and included in cost of sales in the consolidated statement of profit or loss. If the estimated income from programme stocks is lower than the carrying value, carrying value is discounted to net realizable value. Licence periods, remaining number of publishing rights, industry dynamics and sales forecasts are being considered in determining of impairment of programme stocks (Note 19).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

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 recognised 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 recognised in "financial income / expenses". Dividends received are recognised 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 through 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 2016 and 31 December 2015.

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 recognised 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 derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised 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).

"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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Derivative financial instruments and hedge accounting

Derivative financial instruments, predominantly foreign currency and interest swap agreements and foreign currency forward agreements are initially recognised 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).

Changes in the fair value of derivatives at fair value through profit or loss are included in the statement of profit or loss.

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.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized in statement of profit or loss.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 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 derecognised 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 profit or loss in the period in which the property is derecognised.

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 recognised as revaluation fund in 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:

	<u>Years</u>
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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

Property, plant and equipment (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 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 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 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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).

Operating leases

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 recognised 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 recognised 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 recognised 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 are carried at cost, less any accumulated amortization and amortized by using the straight-line method (Note 15).

Estimated useful lives of intangible assets that have a finite useful life are as follows:

	<u>Years</u>
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

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

Intangible assets and related amortization (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).

Web page 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 recognised as expense. Maintenance costs of web pages are accounted as operational expenses.

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.

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 Management has evaluated the estimations regarding the presentation of cost of domestic TV series in the financial report by considering the foreign sales of domestic TV series that is continuing to increase in recent years in the current period. As a result of this evaluation, some part of the domestic TV series costs which has been recognised in full as programme costs as of the date of the broadcasting, has been started to be recognised as programme rights as of 1 January 2016. In the presentation of domestic TV series costs as "programme rights", the criterias considered are that there will be no limitation about the right to sell domestic TV series to abroad, the domestic TV series have been broadcasted for at least six episodes or have the commitment to be broadcasted and there is a potential of sale of the domestic TV series to abroad. If the domestic TV series which have been presented as "programme rights" have been presented as "programme stocks", the programme cost would be TL 52.433 more in the current period.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

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 recognised 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 recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognised 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.

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 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).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Financial borrowings and borrowing costs

Borrowings are recognised 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 recognised 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 recognised in profit or loss as finance income or expense in subsequent periods (Note 8).

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

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 recognised 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Provisions, contingent assets and liabilities (continued)

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 recognised 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 recognised 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).

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 recognised 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 recognised 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 recognised 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).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Revenue recognition (continued)

a) Publishing and broadcasting segments

Revenue from advertisements

Revenue from advertisements is recognised 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 recognised as deferred income on the statement of financial position.

Subscription income

Subscription income includes the income obtained from Pay TV and 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 incomes are recognised when the related service is delivered to the customer.

Revenues from circulation, magazine sales and distribution

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

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 income is recognised 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 recognised 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

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.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

Revenue recognition (continued)

d) Other segment

Sales revenue is recognised 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 recognised 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.

Tourism income

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

Rental income

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

Vehicle sale

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.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

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;
- 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.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

Business combinations (continued)

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.

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Goodwill (continued)

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).

Foreign currency transactions

Functional currency

Items included in the financial statements of each Group entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Doğan Holding.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TL at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the statement of financial position dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of profit or loss.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 (continued)

Foreign Group companies

The results of the Group undertakings using a measurement currency other than TL are first translated into Turkish lira by using the average exchange rate for the period. Assets and liabilities of such Group undertakings are translated into TL by using the closing rate at the statement of financial position date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve as a separate item in the shareholders' equity and recognised under total 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 2016 and 31 December 2015 are summarized below:

Country	Currency Unit	31 December 2016	31 December 2015
Eurozone	Euro	3,7099	3,1776
Russia	Ruble	0,0573	0,0396
United States of America	USD	3,5192	2,9076
Romania	New Lei	0,8131	0,7055
Kazakhstan	Tenge	0,0106	0,0291

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 2016; "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.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

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 (Note 32).

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.

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.

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 recognizes 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).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Events after the reporting period

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.

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 is measured based on the value in use calculations.

The analysis for goodwill impairment for the periods ended 31 December 2016 and 31 December 2015 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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

a) Impairment of goodwill and intangible assets (continued)

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

	<u>2016</u>		<u>2015</u>	
	EBITDA margin rate (%) ⁽¹⁾	Discount rate (%) ⁽²⁾	EBITDA margin rate (%) ⁽¹⁾	Discount rate (%) ⁽²⁾
Broadcasting	21	15,46	21	14,6
Publishing				
Russia	42,9	18	40	18,4
Turkey	11,28	16,7	10	17,4

⁽¹⁾ Average budgeted EBITDA margin in the projection period

⁽²⁾ Weighted average cost of capital rate.

The Group management has recognised impairment for intangible assets amounting to TL 77.148 in the consolidated financial statements for the period ending 31 December 2016 (Note 15). (31 December 2015: goodwill impairment amounting to TL 44.962). The primary reason for the impairment for intangible asset is due to TME's performance being below budgeted figures.

When the calculations performed in the current period are evaluated, if the discount rate after tax applied to cash flow projections for the cash-generating units after tax is 1% more than the estimates of the Group management, additional impairment for the goodwill amounting to TL 21.970 (31 December 2015: TL 16.429) would be recognised in the financial statements as of 31 December 2016 by the Group and profit before tax and non-controlling interests would increase by TL 21.970 (31 December 2015: TL 16.429) in return.

If the EBITDA rate applied to cash flow projections for the cash-generating units is 5% less than the estimates of the management, as of 31 December 2016 additional impairment for the goodwill amounting to TL 31.082 (31 December 2015: TL 19.899) would be recognised in the financial statements and profit before tax and non-controlling interests would increase by TL 31.082 (31 December 2015: TL 19.899) in return by the Group.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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

As of November 2011, the Group management has 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 145.328, TL 222.662 and TL 86.291 have been recognised in the statutory records of D Yapım, Doğan Prodüksiyon and Alp Görsel, respectively. Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognise the input VAT amounting to TL 454.281 as an asset in the consolidated financial statements as it will be used in future tax periods. Accordingly, where practicable, input VAT that can be offset against the recourse VAT in the related taxation periods can be recognised in the statement of income in the respective periods (Note 27). Deductible VAT amount is TL 427.402 (31 December 2015: TL 432.734) in statutory accounts as of 31 December 2016.

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.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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)

d) Useful lives of intangible assets

Useful lives of some trademarks are estimated to be infinite by the Group management. Where useful lives of related intangible assets are definite (in case of 20 years), amortization of such intangible assets' would increase by TL 11.495 (31 December 2015: TL 8.250) and profit before tax and non-controlling interests would decrease by TL 11.495 (31 December 2015: TL 8.250).

Amortization is recognised 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 2.452 and profit before tax and non-controlling interests would increase by TL 2.452 (31 December 2015: TL 1.315); or
- if useful lives were 10% lower, amortization would increase by TL 2.293 and profit before tax and non-controlling interests would decrease by TL 2.293 (31 December 2015: TL 1.608)

2.3.2 Critical accounting judgments

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

Current period business combinations

There are no significant business combinations during the period ended as of 31 December 2016.

Prior period business combinations

Share Purchase of Aytemiz Akaryakıt Dağıtım A.Ş.

Share Purchase and Shareholders Agreement was signed on 11 March 2015, due to the fact that the Group's subsidiary Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. has acquired and taken over, in cash, and in a single payment of TL 152.000 for the 100.000 shares with a nominal value of TL 100.000 group "B" representing 50% nominal TL 1 (exact) of the 200.000 shares with a nominal value of TL 200.000 representing the paid-in capital of Aytemiz Akaryakıt which is TL 200.000. Other important conditions and additional transactions that are stated in Share Purchase and Shareholders Agreement are also summarized below.

Regarding the Share Purchase and Shareholders Agreement, the paid-in capital of Aytemiz Akaryakıt, which is TL 200.000 was increased to TL 454.000 through full cash payment. In the capital increased by TL 254.000, all the new share acquisition rights which correspond to the contribution share of the Group's direct subsidiary Doğan Enerji, totaling to TL 127.000 was used by Doğan Enerji in cash and in a single payment. Likewise, other shareholders (Aytemiz Family) participated in the capital increase, pro rata per their shares, in cash and in single payments. The Board of Directors of Aytemiz Akaryakıt is constituted by 7 members, and the majority of these members (4 members) were elected through being nominated by the Group's direct subsidiary Doğan Enerji. Besides that, Aytemiz Akaryakıt has been the legal holder of 100% control of Aytemiz Gaz and Aksu Doğan Gaz, as of 11 March 2015.

As the management control of Aytemiz Akaryakıt is held by the Group's direct subsidiary Doğan Enerji due to the signed Share Purchase and Shareholders Agreement, the activity results of Aytemiz Akaryakıt are consolidated with the "full consolidation" method in the financial statements of Doğan Enerji and Doğan Holding.

In accordance with TFRS 3 Business Combinations ("TFRS 3"), the study of determining the fair value of the identifiable assets and liabilities in order to recognize by using acquisition method, and accordingly the study of allocation of the acquisition cost study to property, plant and equipment and intangible assets ("the study of distributing the acquisition cost") is concluded as of the report date, thus fair value of accountable assets and liabilities of Aytemiz Akaryakıt and its 100% subsidiaries Aytemiz Gaz and Aksu Doğan Gaz companies (together will be referred as "Aytemiz Group") is reported in the financial statements.

Fair value adjustments regarding all the acquired assets and liabilities as of 11 March 2015 and the study of allocation of the acquisition cost for Aytemiz Group are presented below:

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)***Prior period business combinations (continued)*****Share Purchase of Aytemiz Akarvakt Dağıtım A.Ş (continued)**

	Aytemiz Group		
	Net Book	Fair Value	
	Value	Adjustments	Fair Value
Current assets			
Cash and cash equivalents	3.905	-	3.905
Trade and other receivables	165.564	-	165.564
Inventories	54.178	-	54.178
Prepaid expenses and other current assets	22.717	(17.023)	5.694
Non-current assets			
Trade and other receivables	5.825	-	5.825
Investment properties	32.015	42.631	74.646
Property, plant and equipment	150.737	37.033	187.770
Intangible assets ⁽¹⁾	1.130	65.094	66.224
Prepaid expenses	29.079	(13.625)	15.454
Deferred tax assets	7.687	-	7.687
Short term liabilities			
Short term borrowings	(15.093)	-	(15.093)
Trade payables	(89.942)	-	(89.942)
Other short term liabilities	(25.705)	-	(25.705)
Long term liabilities			
Other long term liabilities	(152.863)	-	(152.863)
Long term provisions	(392)	-	(392)
Deferred tax liabilities	(202)	(12.570)	(12.772)
NET ASSETS	188.640	101.540	290.180

(1) Fair value differences in intangible assets allocated by TL 7.876 recognised in brand, TL 26.570 recognised in dealer agreements and remaining TL 30.648 recognised in the book value of dealer agreements, reclassified from prepaid expenses.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Prior period business combinations (continued)

Share Purchase of Aytemiz Akaryakıt Dağıtım A.Ş (continued)

The difference between net book value of Aytemiz Group and acquisition cost amounting to TL 6.910 as a result of temporary accounting, was recognised as goodwill temporarily.

	Aytemiz Group
Non-controlling interests (Includes remaining 50% fair value of the net asset acquired)	145.090
Transferred amount TL	152.000
	297.090
Net book value based on fair value of net assets of acquired companies (-)	(290.180)
Goodwill	6.910

Aytemiz Akaryakıt Dağıtım A.Ş. continues its fuel storage and distribution activities with 310 dealers, 11 supply points, and a storage facility capacity of 4 as of the acquisition date at 11 March 2015.

Cash paid	152.000
Cash and cash equivalents of acquired company (-)	(3.905)
Net cash outflow	148.095

Effect of the acquisition to the financial results of the Group

As a result of the acquisition of Aytemiz Group, in total TL 5.891 loss was recognised in the consolidated financial statements prepared as of 31 December 2016. Aytemiz Group's share in the Group's consolidated sales revenue is TL 3.710.944 for the period ended 31 December 2016.

If acquisition transaction explained above was realized on 1 January 2015, prior period sales revenues of the Group regarding continuing operations would be higher by TL 351.409 and net loss for the prior period regarding continuing operations would be higher by TL 10.378.

Acquisition of Aytemiz Petrolcülük and Gaziemir Petrol

Aytemiz Akaryakıt, one of the subsidiaries of the Group, has acquired 100% shares of Aytemiz Petrolcülük and Gaziemir Petrol, which has been completed at 28 October 2015 and 12 November 2015 respectively, for a consideration of TL 60 in total, and from this acquisition, TL 1.236 goodwill has been recognised. If the related acquisition transaction has occurred as of 1 January 2015, prior period sales revenues from continued operations of the Group would be higher by TL 57.551 and net loss for the prior period from continued operations would be higher by TL 668.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Prior period business combinations (continued)

Share Purchase of Güvenilir Turistik Yatırım ve İşletmeleri A.S

Group's subsidiary Milta Turizm signed "Share Purchase and Sale Agreement" on 13 February 2015, with Vural Öger, Nina Öger and Holiday Plan Turizm İşletmecilik ve Ticaret A.Ş. as the sellers for sales and takeover of shares representing 100% of capital of Güvenilir Turistik Yatırım and İşletmeleri A.Ş. ("Güvenilir"), which owns Marina Vista Hotel located in Bodrum, Muğla Eskiçeşme neighborhood. In the scope of "Share Purchase and Sale Agreement" signed, TL 47.908 (approximately USD 19.251) was paid to the seller for Güvenilir company. Regarding agreement closing conditions, trade payables and receivables of Güvenilir, employee termination benefits and other liabilities to the employees and removal of all mortgages on relevant real estate are undertaken by the seller. Share sales and purchase transaction occurred on 13 February 2015, and the Group has accounted Güvenilir by full consolidation method in the consolidated financial statement as of the same date. No goodwill has been recognised in the consolidated financial statements as of 31 December 2015 regarding the transaction. Following the transaction, the merger process between Milta Turizm and Güvenilir under the structure of Milta Turizm by taking over Güvenilir has been registered as of 23 June 2015.

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
Aslanlık Elektrik Üretim A.Ş. ("Aslanlık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. ve Anadolu Endüstri Holding A.Ş.
ASPM Holding B.V.	Netherland	Internet publishing	Autoscout24 GmbH
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
DD Finansman A.Ş. ("DD Finansman")	Turkey	Finance	Deutsche Bank AG
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
Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet Petrol")	Turkey	Energy	Hakiki Petrol Limited Şirketi
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 publishing	Feba Ltd., Tov Astra Publishing International 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

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 2016 and 31 December 2015:

Subsidiaries	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 (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Aslançık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
ASPM Holding B.V.	51,00	51,00	-	-	51,00	51,00	38,53	31,11
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
DD Finansman	48,00	48,00	3,00	3,00	51,00	51,00	48,00	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	50,00	50,00	-	-	50,00	50,00	25,00	25,00
İsedaş ⁽¹⁾	-	53,02	-	-	-	53,02	-	53,02
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	30,50
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	37,77	30,50
Ultra Kablo (2)	50,00	50,00	-	-	50,00	50,00	50,00	50,00

(1) The related joint venture has been liquidated as of 29 June 2016.

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

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 2016 and 31 December 2015 are as follows:

31 December 2016	Total assets	Total liabilities	Net assets	Group's share on net assets	Net sales	Profit/(loss) for the period	Group's share on net profit/(loss)
DD 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)
Other	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)
Aslançık Elektrik	462.297	464.372	(2.075)	(692)	102.689	(44.673)	(14.890)
Boyabat Elektrik ⁽¹⁾	2.085.027	2.882.785	(797.758)	(226.601)	255.442	(490.045)	(133.571)

(1) Doğan Holding has given bail amounting to USD 64.390 (TL 226.601) (31 December 2015: USD 58.211) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is limited to the amount of the net assets allocated to the Group by the collateral amount given by Doğan Holding to the project financing loan with reference to the application of TAS 28, item 39, after the share of Boyabat Elektrik has decreased to zero and additional liability has been settled and the liability amount has been recognized.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

31 December 2015	Total assets	Total liabilities	Net assets	Group's share on net assets	Net sales	Profit/(loss) for the period	Group's share on net profit/(loss)
Aslancık Elektrik	466.700	424.067	42.633	14.210	62.931	(74.791)	(24.928)
DD Finansman	425.942	393.966	31.976	15.348	49.887	(8.976)	(4.308)
Gas Plus Erbil	354.681	543	354.138	177.069	-	(773)	(387)
Kandilli Gayrimenkul	140.138	2.835	137.303	68.652	-	1.512	756
Doğan Burda	61.070	26.198	34.872	15.699	97.948	3.516	1.583
Other	66.120	32.268	33.852	18.153	35.279	2.978	1.398
Total	1.514.651	879.877	634.774	309.131	246.045	(76.534)	(25.886)
Boyabat Elektrik	2.104.421	2.575.073	(470.652)	(155.315)	288.989	(478.057)	(157.759)

The Group's share on net assets of investments accounted for by the equity method as of 31 December 2016 and 31 December 2015 is as follows:

	Share (%)	31 December 2016	Share (%)	31 December 2015
Gas Plus Erbil	50,00	217.220	50,00	177.069
Kandilli Gayrimenkul	50,00	71.665	50,00	68.652
Doğan Burda	45,02	11.946	45,02	15.699
DD Finansman	48,00	3.924	48,00	15.348
Aslancık Elektrik	33,33	-	33,33	14.210
Other		18.716		18.153
Total		323.471		309.131

Group's share on net liabilities of investments accounted for by the equity method as of 31 December 2016 and 31 December 2015 is as follow:

	Share (%)	31 December 2016	Share (%)	31 December 2015
Boyabat Elektrik	33,00	(226.601)	33,00	(155.315)
Aslancık Elektrik	33,33	(692)	33,33	-
Total		(227.293)		(155.315)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2016	Boyabat Elektrik	Aslancık Elektrik	DD Finansman	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)
Shares that aren't liability of the Group	(28.174)	-	-	-	-	-	-	-
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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2015	Boyabat Elektrik	Aslancık Elektrik	DD Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	13.150	1.914	4.430	79	661	17.867	7.274	45.375
Other current assets	50.301	14.556	413.286	8	-	38.518	50.060	566.729
Other non-current assets	2.040.970	450.230	8.226	140.051	354.020	4.685	8.786	3.006.968
Total assets	2.104.421	466.700	425.942	140.138	354.681	61.070	66.120	3.619.072
Short-term borrowings	316.441	95.582	4.327	-	-	282	-	416.632
Other short-term liabilities	12.495	18.092	-	4	543	17.528	28.702	77.364
Liabilities regarding finance sector	-	-	388.296	-	-	-	-	388.296
Long-term borrowings	2.027.146	310.144	-	-	-	-	-	2.337.290
Other long-term liabilities	218.991	249	1.343	2.831	-	8.388	3.566	235.368
Total liabilities	2.575.073	424.067	393.966	2.835	543	26.198	32.268	3.454.950
Net assets:	(470.652)	42.633	31.976	137.303	354.138	34.872	33.852	164.122
Group's share	0,33	0,33	0,48	0,50	0,50	0,45		
Group's net asset share:	(155.315)	14.210	15.348	68.652	177.069	15.699	18.153	153.816

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2016	Boyabat Elektrik	Aslançk Elektrik	DD Finansman	Kandıllı Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	255.442	102.689	25.259	-	-	89.485	55.907
Depreciation and amortization	63.965	12.255	-	-	-	816	212
Operating profit	94.394	38.570	(36.314)	7.598	(2.358)	(4.303)	10.156
Net financial expense	(574.754)	(97.302)	(504)	-	(39)	(208)	(1.477)
Profit before income tax	(480.360)	(58.732)	(34.764)	433	(2.434)	(4.506)	2.173
Total comprehensive income/ (expense)	(490.045)	(44.673)	(43.348)	6.028	(2.434)	(3.977)	431
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,50</i>	<i>0,45</i>	
Group's net share on profit	(133.571)	(14.890)	(20.807)	3.014	(1.217)	(1.790)	189
1 January- 31 December 2015	Boyabat Elektrik	Aslançk Elektrik	DD Konut Finansman	Kandıllı Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	288.989	62.931	49.887	-	-	97.948	35.279
Depreciation and amortization	63.309	13.298	371	-	-	928	-
Operating profit	105.919	11.993	8.438	1.888	(752)	758	9.274
Net financial expense	(518.131)	(105.797)	(3.793)	2	(35)	(234)	(1.319)
Profit before income tax	(412.211)	(93.804)	(11.191)	1.890	(787)	4.553	3.927
Total comprehensive income/ (expense)	(478.057)	(74.791)	(8.976)	1.512	(787)	3.516	2.977
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,50</i>	<i>0,45</i>	
Group's net share on profit	(157.759)	(24.928)	(4.308)	756	(394)	1.583	1.405

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

Total amount related to the effective rate of the Group's share of depreciation and amortization of investments accounted for by the equity method is TL 25.587 (31 December 2015: TL 25.919).

NOTE 5 - SEGMENT REPORTING

a) External revenue

	1 January- 31 December 2016	1 January- 31 December 2015
Publishing	1.119.852	1.131.330
Broadcasting	1.091.013	1.095.234
Retail	676.007	618.674
Energy	4.334.052	2.742.588
Other	553.323	363.212
	7.774.247	5.951.038

b) Profit / (loss) before income tax

	1 January- 31 December 2016	1 January- 31 December 2015
Publishing	(28.439)	30.460
Broadcasting	(118.218)	(188.836)
Retail	3.211	17.062
Energy	(117.241)	(194.595)
Other	100.493	226.948
	(160.194)	(108.961)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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	1.119.852	1.091.013	676.007	4.334.052	553.323	-	7.774.247
Inter segment revenue	38.548	23.866	846	31.689	40.883	(135.832)	-
Total revenue	1.158.400	1.114.879	676.853	4.365.741	594.206	(135.832)	7.774.247
Revenue	1.158.400	1.114.879	676.853	4.365.741	594.206	(135.832)	7.774.247
Cost of sales	(823.265)	(837.540)	(409.509)	(4.046.868)	(449.940)	72.533	(6.494.589)
Gross profit	335.135	277.339	267.344	318.873	144.266	(63.299)	1.279.658
General administrative expenses	(150.764)	(103.464)	(24.221)	(25.674)	(117.731)	40.846	(381.008)
Marketing expenses	(168.019)	(127.767)	(227.574)	(182.618)	(35.408)	20.377	(721.009)
Share of gain/(loss) on investments accounted for by using equity method	534	-	-	(149.506)	(20.100)	-	(169.072)
Other income / (expenses) from operating activities, net	46.685	(54.142)	(7.385)	60.505	179.135	3.432	228.230
Income / (expenses) from investing activities, net	(51.192)	(1.013)	(97)	3.784	34.045	(3.659)	(18.132)
Financial income / (expenses), net	(40.818)	(109.171)	(4.856)	(142.605)	(83.714)	2.303	(378.861)
Profit/(loss) before tax	(28.439)	(118.218)	3.211	(117.241)	100.493	-	(160.194)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2015:

	Publishing	Broadcasting	Retail	Energy	Other	Inter segment Elimination	Total
External revenue	1.131.330	1.095.234	618.674	2.742.588	363.212	-	5.951.038
Inter segment revenue	51.581	21.703	1.246	28.204	38.174	(140.908)	-
Total revenue	1.182.911	1.116.937	619.920	2.770.792	401.386	(140.908)	5.951.038
Revenue	1.182.911	1.116.937	619.920	2.770.792	401.386	(140.908)	5.951.038
Cost of sales	(792.466)	(923.278)	(390.780)	(2.593.369)	(283.531)	59.113	(4.924.311)
Gross profit	390.445	193.659	229.140	177.423	117.855	(81.795)	1.026.727
General administrative expenses	(160.878)	(96.657)	(8.170)	(18.158)	(118.933)	66.875	(335.921)
Marketing, selling and distribution expenses	(178.868)	(114.306)	(202.649)	(101.323)	(20.866)	14.920	(603.092)
Share of gain/(loss) on investments accounted for by using equity method	894	-	-	(183.212)	(1.327)	-	(183.645)
Other income / (expenses) from operating activities, net	58.148	(15.174)	(2.190)	41.708	274.693	(1.639)	355.546
Income / (expenses) from investing activities, net	(29.677)	(9.079)	-	4.198	80.701	-	46.143
Financial income / (expenses)	(49.604)	(147.279)	931	(115.231)	(105.175)	1.639	(414.719)
Profit/(loss) before tax	30.460	(188.836)	17.062	(194.595)	226.948	-	(108.961)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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**

	31 December 2016	31 December 2015
<u>Total assets</u>		
Publishing	1.706.149	1.712.737
Broadcasting	1.276.215	1.268.560
Retail	315.537	296.552
Energy	1.730.603	1.432.180
Other	9.025.193	8.406.226
Total	14.053.697	13.116.255
Less: segment elimination ⁽¹⁾	(6.221.801)	(5.667.817)
Total assets per consolidated financial statements	7.831.896	7.448.438

<u>Shareholder's equity</u>	31 December 2016	31 December 2015
Publishing and broadcasting	755.144	744.238
Retail	80.391	87.594
Energy	1.172.536	1.009.247
Other	7.737.620	7.379.968
Total	9.745.691	9.221.047
Less: segment elimination ⁽²⁾	(7.167.345)	(6.568.925)
Total shareholders' equity per consolidated financial statements	3.017.164	3.042.211
Non-controlling interests	438.818	390.089

Equity attributable to equityholders of the parent company	2.578.346	2.652.122
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(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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

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

	1 January- 31 December 2016	1 January- 31 December 2015
<u>Purchases</u>		
Publishing	45.995	22.624
Broadcasting	347.861	201.029
Retail	12.704	11.975
Energy	255.984	175.263
Other	180.705	49.893
Total	843.249	460.784
<u>Depreciation and amortisation</u>		
Publishing	52.442	64.427
Broadcasting	285.694	150.848
Retail	9.146	8.155
Energy	107.243	68.704
Other ⁽¹⁾	31.487	21.376
Total	486.012	313.510

⁽¹⁾ Depreciation expense related to other segment amounting to TL 145 has been recognised under inventory account (31 December 2015: TL 181).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

The details of cash and cash equivalents at 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Cash	7.475	1.951
Banks		
- demand deposits	173.837	89.293
- time deposits	1.226.385	1.723.692
Other current assets	104.466	79.324
	1.512.163	1.894.260

As of 31 December 2016, the gross effective interest rates of USD, EUR and TL denominated time deposits are between gross 0,35% and 3,59% (31 December 2015: 0,20% and 2,65%), 0,01% and 2,00% (31 December 2015: 0,10% and 2,25%) and 2,00% and 11,60% (31 December 2015: 1% and 14,45%), respectively and the maturity is shorter than 3 months.

As of 31 December 2016, other current assets consist of credit card slip receivables amounting to TL 104.435 (31 December 2015: TL 77.682) and blocked deposits amounting to TL 31 (31 December 2015: TL 436). As of 31 December 2016, the Group doesn't have any Direct Debiting System (DDS) receivables (31 December 2015: TL 1.206).

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 31 December 2016 and 31 December 2015 are as follows.

	31 December 2016	31 December 2015	31 December 2014
Cash and cash equivalents	1.512.163	1.894.260	2.166.910
Accrued interest (-)	(3.286)	(7.361)	(3.606)
Cash and cash equivalents	1.508.877	1.886.899	2.163.304

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

a) Short-term financial investments

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

	31 December 2016	31 December 2015
Private sector bonds and bills	114.882	129.308
Blocked deposits ⁽¹⁾	173.870	163.987
	288.752	293.295

⁽¹⁾ As of 31 December 2016, Doğan Holding has blocked bank deposits of USD 26.000 (TL 91.499) for its subsidiary Mozaik and TL 80.000 and TL 2.371 blocked bank deposits for other subsidiaries (31 December 2015: TL 1.161 blocked bank deposits for other subsidiaries, and blocked deposits of USD 21.000 (TL 61.060)). As of 31 December 2016, Doğan Holding doesn't have any blocked bank deposits regarding its subsidiary TME (31 December 2015: USD 35.000 (TL 101.766) regarding its subsidiary TME)

Private sector bonds and bills are dominated in TL and USD and their weighted average interest rates are 13,4% and 4,41% respectively (31 December 2015: TL 11,86%, USD 6,01%).

b) Long-term financial investments

The Group's available for sale financial assets (Note 2.1.3.d.) classified as long term financial investments are as follows:

	31 December 2016		31 December 2015	
	TL	%	TL	%
Lexin Nassau L.P. ⁽¹⁾	70.059	22,15	37.168	22,15
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.	1.700	<1	1.067	<1
Other	4.957	<1	3.363	<1
	76.716		41.598	

⁽¹⁾ Lexin Nassau L.P. is a long-term investment of M Investment, a subsidiary of the Group. As of 31 December 2016, the related investment is accounted as available-for-sale financial asset and the fair value is recognised as TL 70.059 (US Dollars 19.908).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 borrowing

The details of financial borrowings at 31 December 2016 and 31 December 2015 are as follows:

Short-term borrowings:	31 December 2016	31 December 2015
Short term bank borrowings	1.078.271	722.813
Factoring borrowings	9.440	11.921
Finance lease borrowings	717	4.215
Total	1.088.428	738.949
Short-term portion of long-term borrowings:	31 December 2016	31 December 2015
Short-term portion of long-term bank borrowings	305.409	717.110
Total	305.409	717.110
Long-term borrowings:	31 December 2016	31 December 2015
Long term bank borrowings	895.251	664.027
Finance lease borrowings	132	1.498
Total	895.383	665.525

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016 and 31 December 2015 are as follows:

	31 December 2016		31 December 2015			
	Interest rate per annum (%)	Original currency	TL	Interest rate per annum (%)	Original currency	TL
Short-term bank borrowings:						
TL denominated bank borrowings	3 - 14,2	687.334	687.334	0 - 14,5	419.142	419.142
USD denominated bank borrowings	3,5 - 3,5	7.394	26.021	1,02 - 3	71.128	206.813
EUR denominated bank borrowings	0,75 - 3,05	94.267	349.721	2,2 - 4,8	28.222	89.680
Other bank borrowings	12,63 - 13,41	265.093	15.195	0-0	181.206	7.178
Sub-total			1.078.271			722.813
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	3 - 13,50	98.398	98.398	3 - 11,05	320.076	320.076
USD denominated bank borrowings	4,55 - 4,58	29.828	104.969	1,02 - 6,25	56.297	163.688
EUR denominated bank borrowings	0,75 - 4,7	27.505	102.042	0,89 - 6,63	73.435	233.346
Sub-total			305.409			717.110
Total short-term bank borrowings:			1.383.680			1.439.923
Long-term bank borrowings:						
TL denominated bank borrowings	3 - 13,25 %	370.205	370.205	5,5 - 13,25	170.078	170.078
USD denominated bank borrowings	4,75 - 4,75 %	25.000	87.980	4 - 4,28	27.288	79.343
EUR denominated bank borrowings	0,75 - 4,7 %	117.810	437.066	2,22 - 6,63	130.478	414.606
Total long-term bank borrowings			895.251			664.027

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016 and 31 December 2015 is as follows:

	31 December 2016	31 December 2015
2017	-	191.327
2018	759.066	311.549
2019 and after	136.185	161.151
	895.251	664.027

The floating rate bank borrowings of the Group denominated in USD have interest rates fluctuating between Libor + 0,75% and Libor + 3,7% and floating rate bank borrowings denominated in EUR have interest rates fluctuating between Euribor + 2,15% and Euribor + 3,85% (31 December 2015: USD Libor +0,85 and Libor+ 3,80%, Euribor +0,75% and Euribor+5,00%).

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.

Commitments and financial terms about borrowings

Publishing

Deposit amounting to USD 35.000 of Doğan Holding has been blocked as collateral in accordance with the loan agreement amounting to USD 35.000 of its indirect subsidiary TME in the prior periods. This loan has been closed and blockage has been cancelled as of 14 January 2016.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through finance leases. As of 31 December 2016, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 849 (31 December 2015: TL 5.713).

The redemption schedules of long-term leasing payables at 31 December 2016 and 31 December 2015 are summarized below.

	31 December 2016	31 December 2015
2018 and after	132	1.498
Total	132	1.498

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 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Financial borrowings with fixed interest rates (Note 34)	1.718.751	1.393.826
Financial borrowings with floating interest rates (Note 34)	570.469	727.758
Total	2.289.220	2.121.584

b) Other financial liabilities

As of 31 December 2016 and 31 December 2015, details of other financial liabilities are presented below.

Other short term financial liabilities:	31 December 2016	31 December 2015
Financial liabilities due to call and put options (Note 17)	-	175.395
	-	175.395
Other long term financial liabilities:	31 December 2016	31 December 2015
Financial liabilities due to call and put options (Note 17)	519.829	517.700
	519.829	517.700

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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

<u>Short-term trade receivables from non- related parties</u>	31 December 2016	31 December 2015
Trade receivables	1.542.715	1.356.123
Notes and cheques receivable	221.861	132.456
Income accruals	6.209	9.661
Total	1.770.785	1.498.240
Less: Unearned financial income due to sales with maturity	(11.907)	(10.906)
Less: Provision for doubtful receivables (-)	(273.204)	(275.324)
Total	1.485.674	1.212.010

The average maturity of not overdue trade receivables of the Group that are followed by Doğan Faktoring is between 73 to 111 days as of the statement of financial position date (31 December 2015: 72-115 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is 12,68% (31 December 2015: 12,68%).

<u>Long-term trade receivables</u>	31 December 2016	31 December 2015
Notes and cheques receivable ⁽¹⁾	31.292	27.045
Unearned financial income due to sales with maturity	(6.034)	(5.671)
	25.258	21.374

(1) TL 114 (31 December 2015: TL 1.938) of the aforementioned notes receivables are related to forward sales in Automall and Veneris projects of Milpa, a subsidiary of the Group, within 2012- 2015 years. In addition to this amount, there are long-term notes receivables in relation to the fuel sales amounting to TL 30.721 (31 December 2015: TL 25.107) gross, discounted amount TL 24.768 (31 December 2015: TL 25.107) and in relation to other operations amounting TL 457 (31 December 2015: None).

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

	2016	2015
1 January	(275.324)	(268.953)
Provision booked in the current period (Note 27)	(36.649)	(50.464)
Written off trade receivables ⁽¹⁾	29.419	32.754
Collections and reversal of provisions	7.189	13.768
Currency translation differences	2.161	491
Acquisition of subsidiary	-	(2.920)
31 December	(273.204)	(275.324)

(1) The Group has decided to derecognise the receivables recorded as doubtful within prior periods, in accordance with the provisional article 7 of TCC, receivables 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 receivables determined as bad debts, from the statement of financial position.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Guarantees for trade receivables

As of 31 December 2016, although trade receivables amounting to 221.016 TL (31 December 2015: TL 226.976), 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 2016, the Group has received letters of guarantee, guarantee notes, guarantee cheques, bails, receivable insurance, pledges and mortgages amounting to TL 370.084 (31 December 2015: TL 163.452) related to trade receivables from non-related parties amounting to TL 1.510.932 (31 December 2015: TL 1.233.384).

The guarantees received for the total trade receivables of the Group consist of bank guarantee letter amounting to TL 9.553 (31 December 2015: TL 10.322), bails and mortgages amounting to TL 76.922 (31 December 2015: TL 59.427), cheques and notes amounting to TL 254.488 (31 December 2015: TL 72.543), receivable insurance amounting to TL 28.626 (31 December 2015: TL 20.926) and vehicle pledge amounting to TL 495 (31 December 2015: TL 234). Among these guarantees, bank guarantee letter amounting to TL 8.978, bails and mortgages amounting to TL 20.409, 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. (31 December 2015: bank guarantee letter amounting to TL 5.068, bails and mortgages amounting to TL 18.633, cheques and notes amounting to TL 12.751, vehicle pledge amounting to TL 234, receivable insurance amounting to TL 4.192 were received for overdue but not impaired receivables) (Note 34).

Short-term trade payables to non-related parties

	31 December 2016	31 December 2015
Trade payables	909.755	697.810
Provision for liabilities and expenses	32.298	31.044
Other payables	2.897	6.603
<u>Less: unearned finance expense due to purchases with maturity</u>	<u>(5.840)</u>	<u>(1.610)</u>
Total	939.110	733.847

The average maturity of trade payables is between 34 to 92 days as of 31 December 2016 (31 December 2015: 39 to 92 days).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

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

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from non-related parties	31 December 2016	31 December 2015
Notes receivables ⁽¹⁾	7.151	8.700
TEİAŞ power transmission line receivables ⁽²⁾	3.240	688
Deposits and guarantees given	2.413	3.396
Receivables from dealers regarding agreement terminations	1.631	2.299
Receivables from the sale of investment property ⁽³⁾	1.450	-
Other miscellaneous receivables	1.161	2.010
Total	17.046	17.093

Other long-term receivables from non-related parties	31 December 2016	31 December 2015
Notes receivables ⁽¹⁾	25.833	24.190
Deposits and guarantees given	3.000	2.743
TEİAŞ power transmission line receivables ⁽²⁾	249	4.302
Total	29.082	31.235

⁽¹⁾ Comprises of the receivables from the sale of property, plant and equipment of Milta. Receivables with a maturity of 50 months will be collected until 5 August 2020 (31 December 2015: Notes receivables amounting to TL 3.885 comprise of short-term notes receivables obtained from the sale of property, plant and equipment of Kanal D. TL 1.090 of this amount comprise of notes receivables due to sale of Koloni TV. TL 23.164 of long-term notes receivables comprise of the receivables from the sale of property, plant and equipment of Milta).

⁽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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

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

NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2016	31 December 2015
Other short term payables		
Taxes and funds payable	88.813	71.402
Tax base increase payables	2.331	-
Deposits and guarantees received	1.162	1.346
Other short term payables ⁽¹⁾	139.809	87.111
Total	232.115	159.859
	31 December 2016	31 December 2015
Other long term payables		
Deposits and guarantees received	13.346	13.821
Tax base increase payables	2.431	-
Other long term payables ⁽¹⁾	103.672	89.674
Total	119.449	103.495

⁽¹⁾ The related balance consists of the payables amounting to USD 58.260 of the Group's subsidiary Aytemiz Akaryakıt to Aytemiz Family with an interest rate of 2,5% and which will be paid in two equal installments by 7 and 14 months maturity. The net discounted amount with the finance cost of the related payable is USD 60.469 (TL 212.803) (31 December 2015: USD 58.260 principal amount, USD 59.441 (TL 172.831) the net discounted amount with the finance cost).

NOTE 11 - INVENTORIES

	31 December 2016	31 December 2015
Finished goods and merchandise	337.026	268.345
Raw materials and supplies	93.889	99.296
Semi-finished goods	14.274	12.702
Promotion stocks	5.808	7.796
Other inventories	1.511	849
	452.508	388.988
Provision for impairment of inventory (-)	(11.158)	(14.540)
Total	441.350	374.448

Depreciation and amortization expenses amounting to TL 145 have been included in cost of inventories as of 31 December 2016 (31 December 2015: TL 181).

Promotional materials consist of books, CDs, DVDs and electronic educational products that are provided with the newspapers. Group management determines whether the promotion stocks have been impaired or not, and in case of impairment, the related amount is also measured. In this context, impairment amount is determined by considering the purchase date and current condition of stocks within the rates determined the Group management.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016 and 2015 are as follows:

	2016	2015
1 January	(14.540)	(12.597)
Provision booked in the current period (Note 27)	(3.063)	(4.228)
Reversal of provision for impairment of inventories	6.445	2.285
31 December	(11.158)	(14.540)

NOTE 12 - BIOLOGICAL ASSETS

Biological assets of Doğan Organik, a subsidiary of the Group, amounts to TL 215 as of 31 December 2016 (31 December 2015: TL 76).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2016 and 2015 are as follows.

	1 January 2016	Additions	Disposals	Transfers ⁽¹⁾	Fair value adjustment ⁽²⁾	Impairment adjustment ⁽³⁾	Currency translation differences	31 December 2016
Land	272.864	24.189	-	96.459	83.520	(209)	23	476.846
Buildings	103.211	32.055	(21.125)	(29.835)	1.155	(302)	7.865	93.024
Net book value	376.075	56.244	(21.125)	66.624	84.675	(511)	7.888	569.870

(1) The company reclassified its land and buildings under investment properties in the current period which was classified as property, plant and equipment in the prior periods.

(2) The Group management has obtained updated valuation reports and recognised fair value adjustment considering the increase in exchange rates and its effect on the unit prices of land and buildings and other elements in the current period.

(3) The Group has recognised the impairment amounting to TL 511 due to the fair value adjustment of investment properties purchased via barter, to the financial statements by netting it under sales made during the current period.

	1 January 2015	Additions	Disposals	Acquisition of subsidiary ⁽¹⁾	Fair value adjustment	Impairment adjustment	Transfer differences	Currency translation differences	31 December 2015
Land	187.926	-	(268)	62.617	29.038	(6.036)	(7.735)	7.322	272.864
Building	55.552	27.604	(13.567)	13.197	11.761	-	8.664	-	103.211
Net book value	243.478	27.604	(13.835)	75.814	40.799	(6.036)	929	7.322	376.075

(1) Acquisition of Aytimiz Group and Güvenilir A.Ş. (Note 3).

The Group has generated a rent income of TL 3.605 from investment properties (31 December 2015: TL 3.210). Direct operating costs incurred within the current period regarding investment properties is TL 231 (31 December 2015: TL 237). There is no collateral or mortgage on investment properties of the Group.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016, 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 calculated by the CMB licensed real estate companies using the market comparison analysis approach, cost approach and direct capitalisation approach methods, it was determined that the values calculated from different approaches is similar and consistent with the market comparison method and decided on the final value. Real estate companies 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:

Financial Assets / Financial Liabilities	Fair value		Fair value level as of the reporting date		
			1. Level	2. Level	3. Level
	31 December 2016	31 December 2015			
Investment properties	569.870	376.075	-	569.870	

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016 and 2015 are as follows:

	1 January 2016	Additions	Disposals	Transfer	Disposal of subsidiary	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

As of 31 December 2016, total depreciation expenses amounting to TL 486.157 (31 December 2015: TL 313.691), corresponding tangible assets amounting to TL 145.211 (31 December 2015: TL 140.570) and intangible assets amounting to TL 340.946 (31 December 2015: TL 173.121), allocated by TL 330.153 (31 December 2015: TL 203.567) recognised in cost of sales (Note 24), TL 114.303 (31 December 2015: TL 66.644) recognised in marketing expenses and TL 41.556 (31 December 2015: TL 43.299) recognised in general administrative expenses (Note 25) and TL 145 (31 December 2015: TL 181) of amortization expenses are recognised in inventories.

There is a mortgage of TL 24.114 on property, plant and equipment as of 31 December 2016 (31 December 2015: TL 20.654). Net book value of property, plant and equipment acquired by leasing is TL 3.396 as of 31 December 2016 (31 December 2015: TL 5.752).

(1) The Group management has reconsidered the carrying value of property, plant and equipment in the period and after this assessment, cost and depreciation reclassification between the fixed asset items and net book value adjustment amounting to TL 11.867 have been reflected in the current period financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2015	Additions	Disposals	Transfers	Disposal of subsidiary	Acquisition of subsidiary (1)	Currency translation differences	Adjustment (2)	31 December 2015
Cost:									
Land and land improvements	106.215	1.023	(135)	8.075	-	33.723	915	(1.893)	147.923
Buildings	132.073	236	(2.113)	(763)	-	39.773	1.925	19.492	190.623
Machinery and equipment	1.132.377	15.625	(18.060)	2.849	(25)	113.020	3.010	(23.874)	1.224.922
Motor vehicles	111.802	15.111	(48.229)	203	-	10.771	415	(346)	89.727
Furniture and fixtures	482.838	59.324	(45.627)	2.015	-	2.903	(1.909)	(20.886)	478.658
Development costs of leased tangible assets	137.632	5.620	(2.637)	(315)	-	99	(12)	117.386	88.617
Other tangible assets	9.546	23.172	(418)	-	-	56.317	-	-	78.317
Construction in progress	10.218	45.659	(2.908)	(5.329)	-	35.551	(2.552)	(2.322)	81.168
	2.122.701	165.770	(120.127)	6.735	(25)	292.157	1.792	(52.830)	2.416.173
Accumulated depreciation:									
Land and land improvements	5.987	433	(135)	-	-	-	-	(1.222)	5.063
Buildings	77.511	5.966	(226)	(3.312)	-	3.000	4.487	20.338	107.764
Machinery and equipment	792.041	64.609	(11.500)	-	(25)	15.372	3.809	(30.610)	833.696
Motor vehicles	62.448	8.692	(20.459)	-	-	6.759	(1.241)	(719)	55.480
Furniture and fixtures	273.690	44.077	(32.959)	-	-	1.471	(6.111)	(17.547)	262.621
Development costs of leased tangible assets	89.758	10.219	(938)	-	-	68	(1.146)	(23.119)	74.842
Other tangible assets	832	6.574	(238)	-	-	28.450	-	-	35.618
	1.302.267	140.570	(66.455)	(3.312)	(25)	55.120	(202)	(52.879)	1.375.084
Net book value	820.434								1.041.089

(1) Acquisition of Aytemiz Group and Güvenilir A.Ş. (Note 3).

(2) The Group management has reconsidered the carrying value of property, plant and equipment in the period and after this assessment, cost and depreciation reclassification between the fixed asset items and net book value adjustment amounting to TL 49 have been reflected in the current period financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2016 and 2015 are as follows:

Cost	1 January 2016	Additions	Disposals	Currency translation differences	Adjustment	Disposal of Subsidiary	Impairment ⁽²⁾	Transfer	31 December 2016
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 ⁽¹⁾	Currency translation differences	Impairment	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

⁽¹⁾ TL 99.656 (31 December 2015: TL 87.107) of TL 221.999 (31 December 2015: TL 87.107) of total programme rights amortisation is recognised under the television program rights amortisation and the remaining TL 122.343 (31 December 2015: None) is recognised under television programme production costs (Note 24).

⁽²⁾ As explained in Note 2.3.1, the Group has reviewed the carrying value of the intangible assets and recognised impairment.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2015		Currency Translation differences				31 December 2015	
	2015	Additions	Disposals	Acquisition of Subsidiary ⁽¹⁾	Disposal of Subsidiary	Impairment ⁽²⁾	Transfer	Adjustment ⁽³⁾
Cost:								
Customer list	226.395	-	-	-	-	-	-	221.027
Trade names related to Media segment	197.875	-	-	7.876	-	(44.962)	-	154.636
Electricity production license	356.367	-	-	-	-	-	-	354.644
Other	484.332	47.748	(25.458)	3.561	(1.261)	-	(114)	511.106
	1.264.969	47.748	(25.458)	11.437	(1.261)	(44.962)	(114)	1.241.413
Accumulated amortization:								
Customer list	111.993	11.839	-	-	-	-	-	120.383
Trade names related to Media segment	18.750	2.288	-	-	-	-	-	20.716
Electricity production license	14.403	766	-	-	-	-	-	14.447
Other	350.351	41.775	(15.006)	1.945	(305)	-	-	376.349
	495.497	56.668	(15.006)	1.945	(305)	-	(1.438)	531.895
Dealer agreement	-	-	-	-	-	-	-	135.251
Television program rights	82.797	-	-	-	-	-	-	109.203
	852.269							953.972

(1) Comprises of the acquisition of Aytemiz Group and Güvenilir A.Ş. (Note 3).

(2) Provision for impairment amounting to TL 44,962 calculated for the period ended 31 December 2015 has been recognized under expenses from investing activities in relation to the impairment test performed on the intangible assets regarding the acquisition of TME, a subsidiary of Flürriyet, which is one of the subsidiaries of the Group.

(3) The group management has reconsidered the carrying value of intangible assets in the period and after this assessment, cost and depreciation reclassification between the fixed asset items and net book value adjustment of TL 1.845 has been reflected in the current period financial statements.

Movement of television programme rights for 2015 is as follows:

	1 January 2015	Additions	Depreciation	Currency translation differences	Provision for impairment of program rights and inventory	Acquisition of subsidiary ⁽¹⁾	31 December 2015
Television program rights	82.797	112.282	(87.107)	1.231	-	-	109.203
Dealer agreements	-	107.380	(29.346)	-	-	57.217	135.251

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016, the Group has determined that trademarks with carrying value of TL 229.907 have indefinite useful lives (31 December 2015: TL 169.723). 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

Movement of the goodwill for the periods ended 31 December 2016 and 2015 is as follows:

	2016	2015
1 January	403.713	395.567
Acquisition of subsidiary (Note 3)	-	8.146
31 December	403.713	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 385 (31 December 2015: TL 869) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 December 2016. The duration of the above-mentioned incentives as of 31 December 2016 is until 31 December 2017.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

Other short-term provisions	31 December 2016	31 December 2015
Provision for lawsuits and indemnity	36.459	37.315
ICTA Penalty	533	1.063
Other	3.506	884
	40.498	39.262

Movement of lawsuit provisions for the periods ended 31 December 2016 and 2015 is as follows:

	2016	2015
1 January	37.315	41.335
Additions in the current period (Note 27)	20.762	19.327
Currency translation differences	416	2.499
Payments of provisions	(16.695)	(3.939)
Reversal of provisions booked in prior periods	(5.339)	(7.793)
Acquisition of subsidiary	-	1.164
Obligations arising from the cancellation of the put option (Note 27) ⁽¹⁾	-	(15.278)
31 December	36.459	37.315

⁽¹⁾ There has been a dispute regarding the sales of put option between TCM Adria d.o.o, a subsidiary of the Group, which has 70% shares of Oglasnik d.o.o and owners of remaining 30% and non-controlling interests about put option of non-controlling interest shares to TCM Adria d.o.o and/or to the Group. The arbitration process ongoing in Zagreb Arbitration Court has been resulted; accordingly the option was decided as invalid and a compensation in favor of the minorities was decided due to the loss occurred. The judgment has been appealed on 5 November 2014 and the suspension of the payment has been filed. As of 31 December 2014 in line with the precautionary principle of the accounting, the liability previously calculated related to "option" was calculated considering the interest and recorded as "provision for lawsuit". Lastly, as at 26 November 2015, the Group has made a settlement with non – controlling interests and it has been agreed that the Group will be paying EUR 2.350 to non-controlling interests. First installment had been paid as of 10 December 2015 amounting to EUR 588, and the remaining amounts will be paid until 1 September 2016 in three equal installments. By this recent development, TL 15.278 decrease in the above mentioned has been recognised as income in the financial statements as of 31 December 2015.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 85.208 as of 31 December 2016 (31 December 2015: TL 75.966)

	31 December 2016	31 December 2015
Legal cases	63.821	59.478
Business cases	11.076	12.207
Commercial cases	10.108	2.709
Other	203	1.572
Total	85.208	75.966

Provision for lawsuits filed against the Group whose details are given above amounting to TL 36.459 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 2015: TL 37.315). 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 January 2, 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%.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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" 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, 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 exercise costs (EUR)(exact)	Earliest option exercise 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". 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 163.104.657 (exact) 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 01 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")

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

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 January 31, 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 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%.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 abovementioned in Option Use Table, DTV Put Option/2016 has been expended by Commerz Film GmbH in 29 January 2016 and relevant guarantee letter was 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 2016 amounting to TL 519.829 (31 December 2015: TL 693.095) 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) Doğan TV Digital Platform İşletmeciliği A.Ş.

As a result of the investigation performed by Information and Communication Technologies Authority (ICTA) on one of the indirect subsidiaries of the Group, Doğan TV Dijital Platform İşletmeciliği A.Ş., on 21 April 2014, an administrative penalty amounting to TL 10.342 was sentenced and TL 8.260 was accrued in order to refund to the subscribers. The Group paid administrative penalty amounting to TL 7.756 by taking advantage of 25% discount for advance payment with the objection record as of 23 September 2014. On the other hand, TL 4.363 of the total amount accrued in relation to the refunds to the subscribers has been paid as of 31 December 2016 (31 December 2015: TL 4.608). Provision recognised in the prior periods regarding this matter is TL 2.616.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

d) 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, Kurtdoğan 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 20 January 2017 prepared by the Real Estate Appraisal Company on the list of CMB. 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", "Military Land and Military Security Area", and "Forest Area". The report on the Basin Location Information of the Istanbul Water Supply and Sanitation Administrative General Directory dated as 30 November 2016 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 2005 year. To this The Forestry Directorate appealed the decision at the 20th Chamber of the High Court 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 29. Civil Court.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

d) Other (continued)

Milpa (continued):

The Land of Ömerli (continued)

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, lawsuit process is still ongoing. 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. Planning and nationalization work is being performed regarding Kuzey Marmara Otoyolu Project near Ömerli land and based on the letter from General Directorate of Highways dated 5 December 2016, it has been stated that the relevant parcels were not subject to any expropriation and they are out of scope for expropriation. Because 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 1154 and 1155 parcels and Ballica, 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.

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 165.631 (31 December 2015: TL 84.909) of Ömerli Land.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

d) Other (continued)

Milpa (continued):

The Land of Ömerli (continued)

Based on the information given above, as stated in the environmental regulation plan of Ömerli land with a scale of 1/100.000 as of 17 July 2009, although the related land has been specified as "habitat" and "daily recreation" area; the fact that the parcels have a highly inclined and rugged topography, that the region is outside the central settlement areas because of the scarcity of these type of lands in this size and position in the Asian side of Istanbul where quality projects can be developed, "the strengths" and "opportunities" like the demand increase in recent years for the area and the proximity of the land to the TEM highway, the process of construction of a master building plan with a scale of 1/5000 of the area where the land is located, Kuzey Marmara Otoyolu highway is clear and the opening of the Yavuz Sultan Selim Bridge (3rd bridge) which is the continuation of the highway considering Real Estate Appraisal Company's valuation report as of 20 January 2017 using precedent comparison relevant lands parcel no: 1154 valued a total of TL 219.864 (excluding VAT). 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 1.432.604 m2 and 68,42 % and the amount is TL 165.631 as of 31 December 2016. (As of 31 December 2015, the share of the Company is 1.577.435 m2 and 67,58% percent and the share amount of Milpa is TL 84.909) As mentioned above, lawsuit decision regarding the tentative decision on the Forest Land no: 1155, no appreciation in value for the parcel has been claimed. For Ömerli Land, security expenses amounting to TL 50 has been recognised under operational expenses (31 December 2015: TL 35). Additionally, no rental income has been recognised from the related property (31 December 2015: None).

162.280 m² part that corresponds to 186/2400 share of parcel no: 1154 of Ömerli Land has been purchased from the landowners for a cash consideration of a total of USD 7.988 (TL 24.188) (2015: None) excluding VAT 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 2016.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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) Collaterals, pledges and mortgages (CPM) given by the Group

	31 December 2016					31 December 2015				
	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⁾	1.552.942	619.113	82.413	173.536	-	1.383.096	501.820	52.618	229.193	-
Pledge ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-
Mortgage ⁽²⁾⁽⁵⁾	24.114	-	-	6.500	-	20.654	-	-	6.500	-
B. CPM's given on behalf of the fully consolidated companies										
Collaterals ⁽¹⁾⁽³⁾	35.022	1.377	8.176	-	85.000	28.005	1.572	9.091	-	-
Pledge ⁽⁴⁾	-	-	-	-	-	112	112	-	-	-
Mortgage ⁽⁵⁾	357.056	1.598	99.949	1.002	-	410.456	6.369	102.656	33.234	-
C. CPM's given on behalf of 3rd parties for ordinary course of business										
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	1.969.134					1.842.323				

(1) The collaterals of the Group consist of letter of guarantees, guarantee notes, bills and mortgages and the details are explained below.

(2) There is a mortgage amounting to TL 24.114 over the tangible fixed assets of Group's subsidiary Hüriyet as of 31 December 2016 (31 December 2015: TL 20.654)

(3) Doğan Holding has bail amounting to USD 35.556 given to credit institutions within the scope of financing Aslanek Elektrik's hydroelectric power plant construction (31 December 2015: USD 44.444), Doğan Holding gave bail amounting to USD 64.390 for Boyabat Elektrik's long term project financing bank loan (31 December 2015: USD 58.211).

(4) 33,33% shares of Aslanek Elektrik (55.000.000 (exact) shares), 33% shares of Boyabat (9.372.000 (exact) shares) and 100% shares of D-Tes (444.000.000 (exact) shares) 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

(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 2016 (31 December 2015: 0%). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 December 2016		31 December 2015	
	Original currency	TL equivalent	Original currency	TL equivalent
Letters of guarantees – Euro	173.536	643.801	229.193	728.284
Letters of guarantees – TL	619.113	619.113	501.820	501.820
Letters of guarantees – USD	82.413	290.028	52.618	152.992
Letters of guarantees – Other	85.000	4.872	-	-
Guarantee notes – USD	8.176	28.773	9.091	26.433
Guarantee notes – TL	1.377	1.377	1.572	1.572
Total		1.587.964		1.411.101

b) *Guarantees and mortgages given*

The details of guarantees of Doğan Holding and its shareholders' given for the borrowings and trade payables of the Group companies and related parties as of 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016		31 December 2015	
	Original currency	TL equivalent	Original currency	TL equivalent
Bails – USD ⁽¹⁾	99.949	351.741	102.656	298.483
Bails – Euro	1.002	3.717	33.234	105.604
Bails – TL	1.598	1.598	6.369	6.369
Mortgages – Euro	6.500	24.114	6.500	20.654
Mortgages – TL	-	-	112	112
Total		381.170		431.222

⁽¹⁾ Guarantees given for Boyabat Elektrik have increased by USD 6.179 due to the new borrowings obtained during the period. Guarantees given for Aslancık have decreased by USD 8.886 due to the borrowing repayments made during the period.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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 2016, the Group has unused advertising commitments amounting to TL 8.383 (31 December 2015: TL 10.122) within the scope of these agreements.

NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2016	31 December 2015
Other current assets		
Value added tax ("VAT") receivables	27.043	30.358
Programme stocks	20.354	9.863
Personnel advances	7.674	7.398
Prepaid tax and funds	6.675	22.488
Job advances	2.325	2.740
Other	1.766	2.934
	65.837	75.781
Provision for impairment on programme stocks (-)	(6.496)	(1.081)
Provision for other doubtful receivables (-)	(421)	(645)
	58.920	74.055

	31 December 2016	31 December 2015
Other non-current assets		
Value added tax ("VAT") receivables	119.584	122.601
Blocked deposits ⁽¹⁾	-	304
Other	-	161
	119.584	123.066

⁽¹⁾ As of 31 December 2016, the Group doesn't have any long-term blocked bank deposits (31 December 2015: blocked bank deposits amounting to TL 304).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

The details of prepaid expenses and deferred income for the periods ending as of 31 December 2016 and 31 December 2015 are as follows:

Short term prepaid expenses	31 December 2016	31 December 2015
Prepaid expenses ⁽¹⁾	48.193	25.258
Advances given ⁽²⁾	33.390	70.052
	81.583	95.310

⁽¹⁾ Significant amount of prepaid expenses consists of prepaid rent expenses and insurance expenses.

⁽²⁾ The majority of the advances given consist of advances given for the activities in broadcasting and energy sectors

Long term prepaid expenses	31 December 2016	31 December 2015
Advances given and prepayments ^{(3) (4) (5) (6)}	37.471	41.543
Prepaid expenses for future years	14.152	4.654
	51.623	46.197

⁽³⁾ Short term advances given amounting TL 3.928 (31 December 2015: TL 2.707) and long-term advances given amounting to TL 18.761 (31 December 2015: TL 26.897) 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 10.516 (31 December 2015: 11.070) comprise of advances given to dealers, by Aytemiz, one of the subsidiaries of Doğan Holding.

⁽⁵⁾ TL 3.871 (31 December 2015: TL 3.180) of the advances given and prepayments comprise of the advance given offsetted from revenue shares that will be paid to the related landowner who has transferred his shares regarding the real estate project that has been planned in the Ömerli land of Milpa, a subsidiary of the Group. Milpa has the commitment to pay 25% of the revenues of the project which is planned to develop, related to the houses and offices that will be committed and set-off to the landowners revenue-sharing or flat received from contractor for landownership by the proportion of their shares.

⁽⁶⁾ TL 4.323 of advances given consists of Group's other subsidiaries (31 December 2015: TL 396).

Short-term deferred income	31 December 2016	31 December 2015
Deferred income ⁽¹⁾	40.309	27.240
Advances received	15.934	12.774
	56.243	40.014

⁽¹⁾ The majority of the deferred income consists of prepaid subscription income in publishing and broadcasting segments and yacht mooring income in other segment.

Long-term deferred income	31 December 2016	31 December 2015
Deferred income ⁽¹⁾	7.457	1.410
	7.457	1.410

⁽¹⁾ Deferred income is composed of prepaid subscription expenses of publishing and broadcasting segments.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 time foreign currency contracts that are not due and the Group is obliged to carry are as follows:

	31 December 2016		31 December 2015	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Currency derivative transactions	551	-	-	-
Total	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 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Social security payables	18.770	10.908
Payables to personnel	18.026	12.486
	36.796	23.394

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

b) *Short term provision regarding employment benefits*

The details of short term provision regarding employment benefits as of 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Provision for unused vacation	51.263	44.070
	51.263	44.070

c) *Long term provision regarding employment benefits*

Details of long term provision regarding employment benefits as of 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Provision for employment termination benefits	119.120	109.481
	119.120	109.481

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 2016, the maximum amount payable equals to one month of salary is TL 4.297,21 (exact) (31 December 2015: TL 3.828,37 (exact)) for each year of service.

On the other hand, the Group is liable to make payments to personnel who work for a minimum of 5 years 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:

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Severance pay ceiling amounting to TL 4.297,21 which is valid for 31 December 2016 is used in the calculation. The increase in the ceiling increase has been taken as 7,0% for 2017 and the same as inflation in the following years.

Discount rate applied as 11,20% ⁽¹⁾ (31 December 2015: 10,72%), inflation rate applied as 6,50% ⁽²⁾ (31 December 2015: 5,90%) and increase in wages applied as 6,50% (31 December 2015: 5,90%) 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 8 years of Government Bond compound interest of 11,20%.
- (2) The upper band inflation rate of Central Bank of the Republic of Turkey has been used in calculating the liability for severance payment.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- If the discount rate had been 1% higher, provision for employee termination benefits would decrease by TL 8.087. If the discount rate had been 1% lower, provision for employee termination benefits would increase by TL 8.087.
- If the anticipated turnover rate hadn't been used while all other variables were held constant, provision for employee termination benefits would increase by TL 3.806.

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

	2016	2015
1 January	109.481	104.352
Current period service cost and net interest expense from continued operations	18.304	16.919
Loss regarding payment/reducing benefits/ dismissal	5.566	2.587
Payments during the period from continued operations	(22.704)	(14.443)
Actuarial loss/ (gain)	8.473	66
31 December	119.120	109.481

As of 31 December 2016, total costs excluding the actuarial loss regarding employment benefits are presented in consolidated statement of profit or loss. As of 31 December 2016, actuarial loss of TL 8.473 is recognized in the statement of other comprehensive statement (31 December 2015: TL 66 loss).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Registered authorized capital	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 2016 and 31 December 2015 are as follows:

Shareholder	Share (%)	31 December 2016	Share (%)	31 December 2015
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)		-
Total		2.758.384		2.760.464

⁽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 2015: 35,94%) are outstanding as of 31 December 2016 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 (full) 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 2016	31 December 2015
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.

Gain on sale of associate shares amounting to TL 987.125 presented as "restricted reserves" in the prior periods have been transferred to accumulated losses account in the current period due to the completion of the five year legal period to be recognised in the related fund.

The details of restricted reserves as of 31 December 2016 and 31 December 2015 are as follows:

Restricted reserves	31 December 2016	31 December 2015
General legal reserves	179.949	160.759
Gain on sale of subsidiary's shares	84.624	1.071.749
Venture capital fund	50.406	35.425
Total	314.979	1.267.933

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

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 48.007 (31 December 2015: 11.662 TL) 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 37.810 (31 December 2015: TL 31.032)

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 15.602 in the current period (31 December 2015: TL 514 gain).

ii. Gain (losses) from Cash Flow Hedges

Changes in the fair value of derivative instruments and recognised as cash flow hedges are recognised directly in equity and the ineffective portion is directly recognised in statement of profit or loss.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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, "Share 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 to share capital";
- 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 reparation 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

At the general shareholders meeting of the Company as of 31 March 2016;

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 2015 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", "Current Tax Expense" and "Non-controlling Interests" are taken into consideration together, "Net Loss for the Period" amounting to Turkish Lira 160.820 has been observed, and after "Accumulated Losses" amounting to Turkish Lira 979.671 which has been calculated based on the Dividend Guide announced at 27 January 2014 and numbered 2914/2 in CMB Weekly Announcement and "Donation" amounting to Turkish Lira 3.556 in 2015 have been added to this amount, Turkish Lira 1.154.775 of "Net Loss for the Period" has been calculated and no dividend distribution has been made for the period 1 January – 31 December 2015 within the CMB regulations on profit distribution.
- In the financial records for the period 1 January 2015-31 December 2015 under the tax legislation and T. C. held by the Uniform Chart of Accounts issued by the Ministry of Finance, "Net Profit for the Period" amounting to Turkish Lira 410.750.912,87 ("exact") has been observed, and after "Current Tax for the Period" amounting to Turkish Lira 26.966.478,14 ("exact") has been deducted from this amount, it has been decided that the remaining amount of Turkish Lira 383.784.434,73 ("exact"), after the "General Legal Reserve" amounting to Turkish Lira 19.189.221,74 ("exact") has been allocated in accordance with the (a) subparagraph of Article 519 of TCC from the remaining amount of Turkish Lira 364.595.212,99 ("exact"), will be allocated to "Extraordinary Reserves" account.

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 3.747.355 (31 December 2015: TL 2.662.743)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016	1 January- 31 December 2015
Domestic sales	8.125.761	6.155.721
Foreign sales	270.965	376.780
Sales return and discounts (-)	(622.479)	(581.463)
Net sales	7.774.247	5.951.038
Cost of sales (-)	(6.494.589)	(4.924.311)
Gross profit	1.279.658	1.026.727

The details of income from operating activities for the periods ended 31 December 2016 and 2015 are disclosed in Note 5 – Segment Reporting.

Sales details of publishing industrial segment are presented below:

	1 January- 31 December 2016	1 January- 31 December 2015
Advertisement income	484.728	513.828
Circulation and printing income	260.182	260.097
Other	374.942	357.405
	1.119.852	1.131.330

Sales details of broadcasting industrial segment are presented below:

	1 January- 31 December 2016	1 January- 31 December 2015
Advertisement income	574.065	497.320
Subscription income	393.460	444.176
Other	123.488	153.738
	1.091.013	1.095.234

Sales details of retail industrial segment are presented below:

	1 January- 31 December 2016	1 January- 31 December 2015
Retail income	676.007	618.674
	676.007	618.674

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016	1 January- 31 December 2015
Fuel oil & LPG sales income	3.473.900	2.127.796
Energy sales	860.152	614.792
Total	4.334.052	2.742.588

Sales details of other industrial segment are presented below:

	1 January- 31 December 2016	1 January- 31 December 2015
Industrial income	222.485	218.506
Tourism income	62.167	66.767
Other ⁽¹⁾	268.671	77.939
	553.323	363.212

⁽¹⁾ Other sales income mainly consists of the total income obtained from vehicle, real estate, GSM and organic agricultural operations.

The distribution of the cost of sales for the periods ended 31 December 2016 and 2015 is disclosed in Note 5 – "Segment Reporting".

	1 January- 31 December 2016	1 January- 31 December 2015
Publishing	(792.440)	(758.249)
Broadcasting	(824.659)	(916.130)
Retail	(390.219)	(363.635)
Energy ⁽¹⁾	(4.046.745)	(2.592.258)
Other	(440.526)	(294.039)
	(6.494.589)	(4.924.311)

⁽¹⁾ The increase resulted from the wholesale activities of D-Tes and activities of Aytemiz Akaryakıt after the acquisition date of 11 March 2015 within the prior period.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016	1 January- 31 December 2015
Cost of trade goods sold	(351.788)	(300.781)
Personnel and news production expenses	(158.831)	(181.150)
Paper costs	(121.039)	(114.649)
Printing, production and other raw material costs	(56.792)	(43.330)
Internet advertising service cost	(43.111)	(29.333)
Amortization and depreciation expenses (Note 14,15)	(26.735)	(33.218)
Commissions	(7.667)	(7.450)
Other	(26.477)	(48.338)
Total	(792.440)	(758.249)

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

	1 January- 31 December 2016	1 January- 31 December 2015
Television programme production costs	(320.457)	(412.637)
ADSL port costs	(110.381)	(118.329)
Amortization expenses of television programme rights (Note 15)	(99.656)	(87.107)
Personnel expenses	(92.417)	(84.978)
Amortization and depreciation expenses (Note 14,15)	(38.975)	(42.862)
Satellite usage expenses	(35.902)	(34.513)
Call center expenses	(33.761)	(27.362)
Cost of trading goods sold	(23.814)	(43.098)
RTSC share in advertisement	(13.919)	(15.276)
Other	(55.377)	(49.968)
Total	(824.659)	(916.130)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016	1 January- 31 December 2015
Cost of trade goods sold	(390.219)	(363.635)
Total	(390.219)	(363.635)

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

	1 January- 31 December 2016	1 January- 31 December 2015
Fuel oil and LPG sales expenses	(3.237.182)	(2.038.022)
Electricity expenses	(751.258)	(518.139)
Amortization and depreciation expenses (Note 14,15)	(22.187)	(22.979)
Personnel expenses	(2.411)	(3.419)
Other	(33.707)	(9.699)
Total	(4.046.745)	(2.592.258)

Detail of the cost of sales of other industrial segment is presented below:

	1 January- 31 December 2016	1 January- 31 December 2015
Cost of trading goods	(200.557)	(18.720)
Raw material cost	(119.195)	(139.197)
Labour and personnel expenses	(42.739)	(39.060)
General production expenses	(37.209)	(52.615)
Telecommunication service expenses	(20.569)	(27.046)
Amortization and depreciation expenses (Note 14,15)	(20.257)	(17.401)
Total	(440.526)	(294.039)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016	1 January- 31 December 2015
General administrative expenses	(381.008)	(335.921)
Marketing expenses	(721.009)	(603.092)
Operating expenses	(1.102.017)	(939.013)

Marketing expenses:

	1 January- 31 December 2016	1 January - 31 December 2015
Personnel expenses	(196.888)	(160.145)
Transportation, storage and travel expenses	(108.023)	(62.414)
Rent expenses	(92.689)	(79.878)
Advertisement expenses	(81.557)	(90.258)
Amortization expenses of dealer agreements (Note 15)	(59.792)	(29.346)
Amortization and depreciation expenses (Note 14,15)	(54.511)	(37.298)
Electricity distribution expenses	(29.206)	(25.884)
Outsourced service expenses	(24.267)	(19.617)
Promotion expenses	(19.003)	(23.357)
Consulting expenses	(18.568)	(7.455)
Dealer commission expenses	(1.896)	(2.343)
Communication expenses	(1.592)	(21.015)
Other	(33.017)	(44.082)
Total	(721.009)	(603.092)

Aytemiz Akaryakıt Dağıtım A.Ş. has been acquired by the Group as of 11 March 2015.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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
(Continued)****General administrative expenses:**

	1 January- 31 December 2016	1 January- 31 December 2015
Personnel expenses	(204.759)	(157.293)
Amortization and depreciation expenses (Note 14,15)	(41.556)	(43.299)
Consulting expenses	(31.284)	(39.071)
Rent expenses	(27.964)	(21.888)
Outsourced service expenses	(14.933)	(23.491)
Transportation, storage and travel expenses	(11.241)	(10.332)
Miscellaneous taxes	(8.175)	(7.708)
Other	(41.096)	(32.839)
Total	(381.008)	(335.921)

NOTE 26 - EXPENSES BY NATURE

Expenses are presented functionally for the periods ended 31 December 2016 and 2015, and the details are given in Note 24 and Note 25.

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 December 2016	1 January- 31 December 2015
Other income from operating activities:		
Foreign exchange gains	293.660	441.982
Finance income due to sales with maturity	58.864	49.296
Investment properties fair value increase (Note 13)	57.371	-
Interest income on bank deposit	54.925	70.511
Reversed provisions	20.186	13.756
Gain on sale of property, plant and equipment and intangible assets	6.664	-
Usage of VAT discount	5.332	6.005
Obligations arising from the cancellation of the put option (Note 17)	-	15.278
Compensation income regarding tax lawsuit	-	3.949
Rent income	-	920
Other operating income	30.841	45.208
	527.843	646.905

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

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

**NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES
(Continued)**

	1 January- 31 December 2016	1 January- 31 December 2015
Other expenses from operating activities		
Foreign exchange losses	(109.813)	(134.412)
Provision for doubtful receivables (Note 9)	(36.649)	(50.464)
Finance expense due to purchases with maturity	(26.085)	(16.633)
Provision for lawsuits (Note 17)	(20.762)	(19.327)
Other penalties and compensations paid	(20.379)	(7.907)
Tax base increase expense	(12.943)	-
Impairment on programme rights	(12.779)	-
Provision for impairment on inventory (Note 11)	(3.063)	(4.228)
Other operating expenses	(57.140)	(58.388)
	(299.613)	(291.359)

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 31 December 2016	1 January- 31 December 2015
Income from investing activities		
Interest income on share purchase commitment	84.423	-
Increase on fair value of investment properties (Note 13)	27.304	40.799
Foreign exchange income	23.293	72.425
Interest income of marketable securities	9.177	6.860
Gain on sale of property, plant and equipment and intangible assets	9.040	37.833
Rent and building service income	3.621	7.574
Interest income on bank deposits	2.144	10.574
Income from liquidation of subsidiary ⁽¹⁾	-	421
Gain on sales of shares of joint venture ⁽²⁾	-	24.847
Reversal of impairment on brand	-	2.699
Gain on purchasing of subsidiary shares	-	2.554
Gain on disposal of subsidiaries ⁽³⁾	-	840
	159.002	207.426

⁽¹⁾ Enteralle Handles GmbH, a subsidiary of the Group has been liquidated as of 2 July 2015. After the liquidation TL 421 (EUR 125) has been collected.

⁽²⁾ Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. one of the investments accounted for by the equity method of the Group, has been sold to Rönesans Gayrimenkul Yatırım for TL 97.601 as of 11 June 2015. The net value of the disposal of assets is TL 72.754. The difference between the net value of the disposal of assets and amount from the sale amounting to TL 24.847 has been recognised in the statement of profit or loss.

⁽³⁾ Koloni TV, a subsidiary of the Group, has been sold as of 7 April 2015. The difference amounting to TL 840 between the carrying value of assets and the amount from the sale has been recognised at income from investing activities note in the statement of profit or loss.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 (continued)

	1 January- 31 December 2016	1 January- 31 December 2015
Expenses from investing activities		
Exchange loss related to share purchase commitment	(90.582)	(69.657)
Impairment on intangible assets	(77.148)	(50.998)
Loss on sale of property, plant and equipment	(4.498)	-
Impairment regarding fair value changes of investment properties	(2.296)	-
Loss on sale of marketable securities	(2.610)	(643)
Loss on derecognition and sale of investment properties, property, plant and equipment	-	(24.942)
Interest expense related to share purchase commitment	-	(14.216)
Foreign exchange loss	-	(827)
	(177.134)	(161.283)

NOTE 29 - FINANCE INCOME AND EXPENSES

The details of finance income for the periods ended 31 December 2016 and 2015 are as follows:

Financial income

	1 January- 31 December 2016	1 January- 31 December 2015
Derivative income	551	-
Foreign exchange gain	-	40.854
Other financial income	992	-
	1.543	40.854

The details of finance expenses for the periods ended 31 December 2016 and 2015 are as follows:

Financial expenses

	1 January- 31 December 2016	1 January- 31 December 2015
Foreign exchange loss	(207.033)	(267.918)
Interest expense on bank borrowings	(154.600)	(171.492)
Bank commission expenses	(14.351)	(14.703)
Other	(4.420)	(1.460)
	(380.404)	(455.573)

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

There is no significant disposal of subsidiary for the period ended 31 December 2016 (31 December 2015: None).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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

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 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Provision for current income tax	48.968	68.032
Prepaid corporate taxes	(35.542)	(66.144)
Taxes payable for the period	13.426	1.888
	31 December 2016	31 December 2015
Corporate and income taxes payable	13.426	1.888
Deferred tax liabilities, net	95.207	46.279
Total taxes	108.633	48.167

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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 2016 is 20% (2015: 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 (investment allowance, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution. Dividends paid to non-resident companies having representative offices in Turkey and resident companies are not subject to withholding tax. Dividends paid to companies except for those companies are subject to 15% of withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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.

Tax Law No: 5024 "Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 requires income tax and corporate taxpayers whose earnings are determined based on the statement of financial position to prepare their statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira effective from 1 January 2004. The merger bonuses which occurred as a result of the mergers in POAŞ and Doğan Gazetecilik, 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 legal provisions 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Turkey (continued)

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

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

The corporate tax rate effective in the Russian Federation is 20% (2015: 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 for 10 years to be deducted from future taxable income. Rights related to tax losses that have not been utilized in the related years are expired.

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.

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 2016 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
Kazakhstan	20,0
Netherlands	25,0

Belarus

Corporate tax rate effective in Belarus is %18 (2015: %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. 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 withholding tax rate. This rate might decrease in bilateral tax agreements. Tax legislations in Belarus is subject to frequent changes.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

Kazakhstan

Corporate tax rate applicable in Kazakhstan is 20% (31 December 2015: 20%). The taxable income according to Kazakhstan tax laws is defined as the difference between the annual gross income and the deductible expenses stated in the tax laws, considering the amendments made. Annual gross income is defined as income from domestic or foreign sources that are received or accrued by a taxpayer in the tax period. These income can be classified as monetary or non-monetary.

Deductable expenses should be directly related with the operations that generate taxable income. According to Kazakhstan Corporate Tax Legislation, accrual based method is applied for the calculation of income and expenses. Under the Kazakhstan Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to 10 years.

Tax period is a calendar year for corporate tax in Kazakhstan. According to Kazakhstan Tax Legislation, tax payer is liable to calculate expected taxable income and make the monthly payments until 25th of each month of the reporting year. Amendments to Annual Corporate Tax should be made at 31 March following the fiscal year. If the actual Corporate Tax payable is different from the calculated amount, tax payers should make the related amendment until 20 December in the following tax year. In Kazakhstan Tax Legislation, other special conditions regarding advance payments are in place. Tax payers who meet the following conditions are exempt from the payment of Corporate Tax.

-Tax payers, for which annual gross income has been calculated by government budget legislation after prior year amendments and which do not exceed 325 times the monthly rate valid as of 1 January;

-New tax payers for which the state registration has been completed in the following tax period by the judicial authorities and after the tax period;

-Non-resident legal entities and companies operating in Kazakhstan without a branch or office that are newly registered with tax authorities and registered as taxpayers in the ongoing tax period. The exemption of these companies is also applicable in the following tax period.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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

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.

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 2016 and 31 December 2015 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Deductible tax losses	99.266	178.252	19.853	35.650
Provision for employment termination and unused vacation benefits	170.383	153.551	34.076	30.711
Provision for doubtful receivables	128.949	128.071	25.790	25.614
Deferred financial income of trade receivables	17.093	12.355	3.419	2.471
Other	73.444	83.799	14.355	14.717
Deferred tax assets			97.493	109.163
Net differences between the tax base and carrying value of property, plant and equipment, inventories and intangible assets	(785.907)	(676.430)	(166.757)	(145.439)
Net differences between fair and tax values of investment properties	(253.110)	(168.948)	(13.259)	(9.051)
Other	(62.901)	(4.816)	(12.684)	(952)
Deferred tax liabilities			(192.700)	(155.442)
Deferred tax liabilities, net			(95.207)	(46.279)

Conclusions of netting has been reflected to consolidated statement of financial position of the Group, since separate taxpayer companies 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 Group recognised deferred tax assets over TL 99.266 of carry forward tax losses in the consolidated financial statements prepared in accordance with the POA's Financial Reporting Standards as of 31 December 2016 (31 December 2015: TL 178.252). As of 31 December 2016 and 31 December 2015, the maturity analysis of carry forward tax losses is as follows:

	31 December 2016	31 December 2015
2016	-	(41.803)
2017	-	(17.475)
2018 and after	(99.266)	(118.974)
	(99.266)	(178.252)

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 2016, the Group does not recognise deferred tax asset from carry forward tax losses amounting to TL 1.353.465 (31 December 2015: TL 1.461.531).

Movements for net deferred taxes for the periods ended at 31 December 2016 and 2015 are as follows:

	2016	2015
1 January	(46.279)	(44.511)
Current period income (expense)	(24.724)	3.999
Currency translation differences	(14.661)	1.305
Tax recognized under equity	(11.238)	-
Actuarial tax loss recognised under other comprehensive income statements	1.695	13
Acquisition of subsidiary	-	(7.085)
31 December	(95.207)	(46.279)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 taxes on income reflected to the consolidated statement of profit or loss for the periods ended 31 December 2016 and 2015 are summarized below:

	1 January- 31 December 2016	1 January- 31 December 2015
Current period tax expense	(48.968)	(68.032)
Deferred tax income/(expense)	(24.724)	3.999
Total tax (expense)/ income	(73.692)	(64.033)

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 31 December 2016 and 2015 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2016	2015
Loss before income taxes from continued operations	(160.194)	(108.961)
Current period tax expense calculated at 20%	32.039	21.792
Income not subject to tax	3.917	20.299
Effect of carryforward tax losses not subject to deferred tax asset	(53.166)	(48.127)
Effect of investments accounted for by the equity method	(33.893)	(36.729)
Effect of expenses non- deductible / not subject to tax	(10.209)	(12.108)
Tax effect of adjustments related to share purchase commitments	(1.232)	(18.093)
Other	(11.148)	8.933
31 December	(73.692)	(64.033)

NOTE 32 - EARNING/ LOSS PER SHARE

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

	2016	2015
Net loss for the period attributable to equity holders of the Parent Company	(219.223)	(160.820)
Weighted average number of shares with face value of TL 1 each	2.616.938	2.616.938
Loss per share	(0,084)	(0,061)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016 and 31 December 2015 are described below:

i) Balances of related parties:

Short term trade receivables from related parties:

	31 December 2016	31 December 2015
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") ⁽¹⁾	3.308	443
Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet Petrol") ⁽²⁾	2.718	-
Doğan Egmont	974	167
Doğan Burda	450	147
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") ⁽¹⁾	381	514
Gümüştaş Madencilik ve Ticaret A.Ş. ("Gümüştaş Madencilik")	45	211
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	20	974
Other	627	484
Total	8.523	2.940

⁽¹⁾ Receivables related to advertisement sale of the Group.

⁽²⁾ Receivables related to fuel-oil sale of the Group.

Other short term receivables from related parties:

	31 December 2016	31 December 2015
Boyabat Elektrik ⁽¹⁾	10.726	2.320
Total	10.726	2.320

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

Other long term receivables from related parties

	31 December 2016	31 December 2015
Boyabat Elektrik ⁽¹⁾	-	29.076
Total	-	29.076

⁽¹⁾ Long term other receivables from Boyabat Elektrik comprise of receivable of financial nature.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016	31 December 2015
Doğan Burda ⁽¹⁾	12.933	13.173
Doğan Egmont ⁽²⁾	10.015	10.305
Boyabat Elektrik ⁽³⁾	1.336	-
Ortadoğu Otomotiv ⁽⁴⁾	515	2.052
Other	604	1.599
Total	25.403	27.129

(1) Comprises of the purchasing of magazines.

(2) Comprises of the purchasing of books and magazines.

(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 2016	31 December 2015
Doğan Burda ⁽¹⁾	27.854	38.600
Doğan Egmont ⁽²⁾	26.379	26.541
Ortadoğu Otomotiv ⁽³⁾	19.015	17.946
Boyabat Elektrik ⁽⁴⁾	12.269	21.061
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	5.665	5.434
Adilbey Holding A.Ş.	4.001	4.119
Other	3.022	8.194
Total	98.205	121.895

(1) Comprises of the magazine purchases of the Group.

(2) Comprises of the books and magazine purchases of the Group.

(3) Comprises of the rental service purchases of the Group.

(4) Comprises of the electricity purchases of the Group.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016	31 December 2015
Doğan Burda ⁽¹⁾	16.899	18.656
Hakimiyet Petrol ⁽²⁾	14.222	-
D-Market ⁽³⁾	12.904	11.703
Doğan Egmont ⁽¹⁾	12.815	11.754
Ortadoğu Otomotiv ⁽⁴⁾	9.985	10.569
Boyabat Elektrik ⁽⁴⁾	6.716	2.205
Gümüştaş Madencilik	5.457	-
Adilbey Holding ⁽³⁾⁽⁴⁾⁽⁵⁾	3.462	889
D Elektronik ⁽⁵⁾⁽⁶⁾⁽⁷⁾	2.365	2.738
İrfanoğulları Petrol Ürünleri	-	4.361
Other	11.060	5.017
Total	95.885	67.892

(1) The balance consists of raw material, printing and distribution services sales of the Group.

(2) The balance consists of fuel-oil sales of the Group

(3) The balance consists of product sales of the Group.

(4) The balance consists of electricity sales of the Group.

(5) The balance consists of vehicles rentals and accommodation services sales of the Group.

(6) The balance consists of internet services sales of the Group.

(7) The balance consists of advertising sales of the Group.

Financial income

	31 December 2016	31 December 2015
Boyabat Elektrik	2.432	549
Doğan Egmont	774	414
Kandilli	-	3.484
Nakkaştepe Gayrimenkul ⁽¹⁾	-	1.265
Other	15	-
Total	3.221	5.712

(1) Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş., one of the investments accounted for by the equity method of the Group, has been sold to Rönesans Gayrimenkul Yatırım for a consideration of TL 97.601 as of 11 June 2015.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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):

Acquisition of property, plant and equipment and intangible assets:

	31 December 2016	31 December 2015
D-Market	-	75
Total	-	75

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

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

	1 January- 31 December 2016	1 January - 31 December 2015
Salaries and other short term benefits	17.742	23.529
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	17.742	23.529

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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 2016 and 31 December 2015 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 2016	31 December 2015
Foreign currency assets	1.347.814	2.017.592
Foreign currency liabilities	(2.110.793)	(2.175.221)
Net asset position of off-statement of financial position derivative instruments	-	-
Net foreign currency position	(762.979)	(157.629)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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.1) Foreign currency risk (continued)**

Sensitivity analysis for currency risk as of 31 December 2016 and 31 December 2015 and foreign currency denominated asset and liability balances are summarized below:

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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.1) Foreign currency risk (continued)

31 December 2015	TL Equivalent	USD	EUR	Other
1. Trade Receivables	142.173	23.418	13.785	30.280
2a. Monetary Financial Assets (Cash, banks included)	1.748.013	410.687	171.931	7.572
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	121.801	41.867	20	5
4. Current Assets (1+2+3)	2.011.987	475.972	185.736	37.857
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	667	5	35	541
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	4.938	1.116	533	-
8. Non-Current Assets (5+6+7)	5.605	1.121	568	541
9. Total Assets (4+8)	2.017.592	477.093	186.304	38.398
10. Trade Payables	82.332	14.558	7.876	14.976
11. Financial Liabilities	877.735	127.965	156.875	7.178
12a. Other Monetary Liabilities	99.730	31.117	1.885	3.264
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	1.059.797	173.640	166.636	25.418
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.030.583	32.107	294.949	-
16a. Other Monetary Liabilities	84.841	29.179	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.115.424	61.286	294.949	-
18. Total Liabilities (13+17)	2.175.221	234.926	461.585	25.418
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)	(157.629)	242.167	(275.281)	12.980
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	(284.368)	199.184	(275.834)	12.975

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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.1) Foreign currency risk (continued)

As of 31 December 2016 and 31 December 2015, foreign currency denominated asset and liability balances were converted by the following exchange rates: TL 3,5192 = USD 1 and TL 3,7099 = EUR 1 (31 December 2015: TL 2,9076 = USD 1 and TL 3,1776 = EUR 1).

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 net (liabilities)/assets	1.506	(1.506)
8- Hedging amount of other (-)	-	-
9- Other net effect on (loss)/income (7+8)	1.506	(1.506)
TOTAL (3+6+9)	(76.297)	76.297

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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.1) Foreign currency risk (continued)

31 December 2015	Income/Loss	
	Foreign currency appreciates	Foreign currency depreciates
	If the USD had changed by 10% against the TL	
1- USD net (liabilities)/assets	70.413	(70.413)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	70.413	(70.413)
	If the EUR had changed by 10% against the TL	
4- EUR net (liabilities)/assets	(87.473)	87.473
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	(87.473)	87.473
	If the other currencies had changed by 10% against the TL	
7- Other net (liabilities)/assets	1.298	(1.298)
8- Hedging amount of other (-)	-	-
9- Other net effect on (loss)/income (7+8)	1.298	(1.298)
TOTAL (3+6+9)	(15.762)	15.762

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 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 2016 and 31 December 2015, 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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.2) Interest rate risk (continued)

As of 31 December 2016, if interest rates on USD denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 958 (31 December 2015: TL 1.606) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

As of 31 December 2016, if interest rates on Euro denominated borrowings had been higher 100 basis points with all other variables held constant, loss before income taxes would have been TL 4.747 (31 December 2015: TL 5.651) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

The table presenting Group's fixed and floating rate financial instruments is shown below:

	31 December 2016	31 December 2015
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.226.385	1.723.692
- Financial investments (Note 7)	365.468	334.893
Financial liabilities (Note 8)	1.718.751	1.393.826
Financial instruments with floating rate		
Financial liabilities (Note 8)	570.469	727.758

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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.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 2016			31 December 2015		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	0,35-3,59	0,01-2,00	2,00-11,60	0,20-2,65	0,10-2,25	1,00-14,45
Financial investments	4,41	-	5,96	6,01	-	11,86
Liabilities						
Financial liabilities	3,5-4,58	0,75-4,7	3-14,20	1-6,25	2,22-6,63	0-14,50

The distribution of interest rate sensitivity regarding the remaining period for repricing of financial assets and liabilities is as follows:

31 December 2016	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 term 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
31 December 2015	Up to- 1 year	1 - 5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	1.723.692	-	-	170.568	1.894.260
Financial investments (Note 7)	293.295	-	-	-	293.295
Total	2.016.987	-	-	170.568	2.187.555
Short and long term financial liabilities (Note 8) ⁽¹⁾	1.456.059	649.225	16.300	-	2.121.584
Other financial liabilities (Note 8)	175.395	517.700	-	-	693.095
Total	1.631.454	1.166.925	16.300	-	2.814.679

⁽¹⁾ Bank borrowings and financial leasing amounts are included in the interest rate sensitivity regarding the remaining time to repricing of financial borrowings.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases and their dispersion across many different industries.

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 deposit
	Related Party	Other	Related Party	Other	
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 part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2015 is as follows:

	Trade Receivables		Other Receivables		Cash on deposit
	Related Party	Other	Related Party	Other	
Maximum net credit risk as of the reporting date	2.940	1.233.384	31.396	48.328	1.892.309
- The part of maximum risk under guarantee with collateral	-	163.452	-	251	-
A. Net book value of neither past due nor impaired financial assets	2.940	1.006.408	31.396	48.077	1.892.309
- Guaranteed amount by collateral	-	122.574	-	-	-
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)	-	226.976	-	251	-
- Guaranteed amount by collateral (Note 9)	-	40.878	-	251	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, 19)	-	275.324	-	1.066	-
- Impairment (-) (Note 9, 19)	-	(275.324)	-	(1.066)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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:

	<u>31 December 2016</u>		<u>31 December 2015</u>	
	<u>Related Party</u>	<u>Other Receivables</u>	<u>Related Party</u>	<u>Other Receivables</u>
Maturity				
1-30 days overdue	-	94.076	-	86.699
1-3 months overdue	-	52.125	-	64.673
3-12 months overdue	-	59.369	-	62.742
1-5 years overdue	-	15.446	-	12.862
Total	-	221.016	-	226.976
Guaranteed amount by collateral				
Publishing	-	13.748	-	28.551
Energy	-	22.388	-	8.119
Other	-	12.765	-	4.208
Total	-	48.901	-	40.878

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2016 and 31 December 2015, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

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 regarding employee benefits (Note 22)	51.263	51.263	-	51.263	-	-
Payables regarding 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

31 December 2015	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)	2.121.584	2.256.788	1.197.218	347.776	689.981	21.813
Trade payables (Note 9)	733.847	742.819	647.070	95.749	-	-
Other financial liabilities (Note 8)	693.095	720.377	-	175.542	425.147	119.688
Other payables (Note 10)	263.354	269.610	149.819	16.296	103.495	-
Trade payables to related parties (Note 33)	27.129	27.129	27.129	-	-	-
Short-term provisions regarding employee benefits (Note 22)	44.070	44.070	-	44.070	-	-
Payables regarding employee benefits (Note 22)	23.394	23.394	-	23.394	-	-
Deferred income (Note 20)	41.424	41.424	40.014	-	1.410	-
Other short term provisions (Note 17)	39.262	39.262	-	39.262	-	-
Total	3.987.159	4.164.873	2.061.250	742.089	1.220.033	141.501

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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)

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. The fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

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.

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 (continued)

The net liability/ total equity ratio as of 31 December 2016 and 31 December 2015 is summarized below:

	31 December 2016	31 December 2015
Total liability ⁽¹⁾	4.663.796	4.251.955
Less: Cash and cash equivalents (Note 6)	(1.512.163)	(1.894.260)
Net liability	3.151.633	2.357.695
Equity attributable to equity holders of the parent company	2.578.346	2.652.122
Total equity	5.729.979	5.009.817
Net liability / Total equity ratio	%55	%47

(1) The amounts are calculated by deducting income tax payable, derivative financial instruments and deferred tax liability accounts from total liability.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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	Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedged of financial risk	Fair value through profit or loss	Carrying value	Note
Financial assets							
Cash and cash equivalents	1.512.163	-	-	-	-	1.512.163	6
Trade receivables from non- related parties	1.510.932	-	-	-	-	1.510.932	9
Trade receivables from related parties	8.523	-	-	-	-	8.523	33
Other receivables from non- related parties	46.128	-	-	-	-	46.128	10
Other receivables from related parties	10.726	-	-	-	-	10.726	33
Derivative instruments	551	-	-	-	-	551	21
Financial investments	-	114.882	-	-	-	114.882	7
Financial liabilities							
Financial borrowings	-	-	2.289.220	-	-	2.289.220	8
Trade payables to non- related parties	-	-	939.110	-	-	939.110	9
Trade payables to-related parties	-	-	25.403	-	-	25.403	33
Other payables to non- related parties	-	-	351.564	-	-	351.564	10
Payables regarding employee benefits	-	-	36.796	-	-	36.796	22

The Group management believes that the carrying value of the financial instruments reflect the fair value.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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 2015	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	Note
Financial assets							
Cash and cash equivalents	1.894.260	-	-	-	-	1.894.260	6
Trade receivables from non-related parties	1.233.384	-	-	-	-	1.233.384	9
Trade receivables from related parties	2.940	-	-	-	-	2.940	33
Other receivables from non-related parties	48.328	-	-	-	-	48.328	10
Other receivables from related parties	31.396	-	-	-	-	31.396	33
Financial investments	-	129.308	-	-	-	129.308	7
Financial liabilities							
Financial borrowing	-	-	2.121.584	-	-	2.121.584	8
Trade payables to non-related parties	-	-	733.847	-	-	733.847	9
Trade payables to-related parties	-	-	27.129	-	-	27.129	33
Other payables to non-related parties	-	-	263.354	-	-	263.354	10
Payables regarding employee benefits	-	-	23.394	-	-	23.394	22

The Group management believes that the carrying value of the financial instruments reflect the fair value.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

(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:

Financial assets	31 December 2016	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at FVTPL				
trading securities				
derivative instruments (Note 21)	551	-	-	551
Bonds and bills (Note 7)	114.882	114.882	-	-
Total	115.433	114.882	-	551
Financial liabilities				
Financial liabilities at FVTPL				
trading securities				
derivative instruments (Note 21)	-	-	-	-
Other financial liabilities	-	-	-	-
Total	-	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

(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)

Financial assets	31 December 2015	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at FVTPL				
trading securities				
derivative instruments (Note 21)	-	-	-	-
Bonds and bills (Note 7)	129.308	129.308	-	-
Total	129.308	129.308	-	-
Financial liabilities				
Financial liabilities at FVTPL				
trading securities				
derivative instruments (Note 21)	-	-	-	-
Other financial liabilities	-	-	-	-
Total	-	-	-	-

NOTE 36 – SHARES IN OTHER OPERATIONS

Financial information of TME and Aytemiz that are subsidiaries which are not wholly-owned and have significant non-controlling interests by the Group, is presented below in accordance with TFRS 12. These financial information indicates the amounts before intra-group eliminations.

	<u>TME</u>	<u>AYTEMİZ AKARYAKIT</u>	<u>31 December 2016</u>
Current assets	10.088	638.923	649.011
Non-current assets	263.751	566.554	830.305
Current liabilities	34.009	539.942	573.951
Non-current liabilities	50.898	208.043	258.941
Total equity	188.932	457.492	646.424
			<u>1 January- 31 December 2016</u>
Revenue	29.479	3.710.944	3.740.423
Expenses	(18.848)	(3.486.026)	(3.504.874)
Gross profit	10.631	224.918	235.549
Loss for the period	(94.742)	(5.891)	(100.633)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016**

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

NOTE 37 – SUBSEQUENT EVENTS

Update on Registered Capital Ceiling Effective Date

In accordance with the article numbered 29833736 - 110.03.02-E.1045 and dated 26 January 2017 of T.R. Prime Ministry Capital Markets Board the Republic of Turkey Prime Ministry, with the T.R. Ministry Customs and Trade approval dated 1 February 2017 and numbered 50035491-431.02 E-00022322802 of the amendment on the 7th article titled "Registered and Issued Capital" in the main agreement of the Company regarding the extension of the current "Registered Capital Ceiling" period for 5(five) more years including 2021 year will be submitted to the approval of the General Assembly.

Approval of Financial Statements

Consolidated financial statements prepared for the period ended as of 31 December 2016 are approved by the Board of Directors on 9 March 2017. The financial statements cannot be changed or modified by people who are not part of the Board of Directors.