

**DOĐAN ŐRKETLER
GRUBU HOLDİNG A.Ő.**

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2012
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

**CONVENIENCE TRANSLATION OF
INDEPENDENT AUDIT REPORT
INTO ENGLISH ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDIT REPORT

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

1. We have audited the accompanying consolidated balance sheet of Doğan Şirketler Grubu Holding A.Ş. (the "Company"), its subsidiaries and joint ventures (together the "Group") as at 31 December 2012 and the related consolidated statement of income, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory notes.

Group Managements' Responsibility for the Financial Statements

2. The Group Management is responsible for preparation and fair presentation of these financial statements in accordance with accounting standards published by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

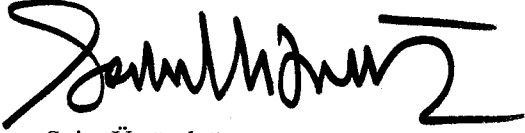
4. In our opinion, the accompanying consolidated financial statements give a true and fair view of consolidated financial position of Doğan Şirketler Grubu Holding A.Ş. (the “Company”), its subsidiaries and joint ventures as at 31 December 2012, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

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

5. As explained in detail in Note 2.1.6, the Group management has decided to present their investment properties from their fair values and restated prior year consolidated financial statements accordingly.

Istanbul, 10 April 2013

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



Saim Üstündağ
Partner

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2012

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

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012, 2011 AND 2010

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

ASSETS	Notes	USD(*)	<i>Audited</i>	<i>Restated</i>	<i>Restated</i>
		31 December 2012	31 December 2012	31 December 2011	31 December 2010
Current assets			4.193.289	4.989.796	4.772.149
Cash and cash equivalents	6	1.257.860	2.242.262	3.468.486	3.464.537
Financial investments	7	97.427	173.674	191.672	197.770
Trade receivables					
- Due from related parties	31	7.839	13.974	4.511	11.168
- Other trade receivables	9	408.011	727.320	679.652	656.128
Other receivables					
- Due from related parties	31	1.953	3.482	3.702	-
- Other receivables	10	236.049	420.781	34.858	13.991
Derivative financial instruments	7	618	1.102	4.640	382
Inventories	11	132.295	235.829	253.104	216.179
Biological Assets	12	117	208	74	25
Other current assets	20	210.165	374.640	268.410	211.969
Sub-total		2.352.335	4.193.272	4.909.109	4.772.149
Non-current assets held for sale		10	17	80.687	-
Non-current assets		2.510.588	4.475.374	3.698.687	3.298.372
Trade receivables	9	93.670	166.977	133.527	88.928
Other receivables	10	73.672	131.327	417.005	2.126
Inventories	11	-	-	18.096	17.941
Financial investments	7	1.243	2.216	5.730	8.314
Investment property	13	188.615	336.225	191.038	175.478
Property, plant and equipment	14	945.044	1.648.983	1.202.061	932.846
Intangible assets	14	605.053	1.078.567	727.226	859.335
Goodwill	15	291.124	518.957	539.951	896.653
Deferred tax asset	29	65.336	116.468	90.124	96.991
Other non-current assets	20	266.832	475.654	373.929	219.760
Total assets		4.862.932	8.668.663	8.688.483	8.070.521

These consolidated financial statements as of and for the period ended 31 December 2012 has been approved by the Board of Directors on 10 April 2013.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012, 2011 AND 2010

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

LIABILITIES	Notes	USD(*) 31 December 2012	Audited 31 December 2012	Restated Audited 31 December 2011	Restated Audited 31 December 2010
Current liabilities		1.354.944	2.415.324	2.027.289	1.833.917
Financial borrowings	8	879.483	1.567.766	934.850	1.024.341
Other financial liabilities	8	112.374	200.318	71.561	56.863
Derivative financial liabilities	8	1.531	2.730	6.610	9.687
Trade payables					
- Due to related parties	31	19.854	35.392	246	1.197
- Other trade payables	9	211.779	377.518	444.997	395.148
Other payables	10	57.341	102.216	89.907	80.540
Income tax payable	29	5.518	9.837	38.858	76.462
Provisions	17	17.326	30.886	44.093	89.010
Other current liabilities	20	49.737	88.661	396.167	100.669
Non-current liabilities		1.213.350	2.162.917	2.769.322	1.579.901
Financial borrowings	8	812.558	1.448.466	1.623.232	1.085.676
Other financial liabilities	8	176.666	314.924	456.520	238.693
Trade payables					
- Due to related parties	31	20.552	36.636	-	-
- Other trade payables	9	-	-	-	1.114
Other payables	10	31.259	55.722	96.452	77.900
Provisions		-	-	265	-
Provision for employment benefits	19	55.187	98.377	49.311	46.895
Other non-current liabilities	20	7.014	12.503	405.583	-
Deferred tax liability	29	110.114	196.289	137.959	129.623
EQUITY		2.294.638	4.090.422	3.891.872	4.656.703
Equity attributable to equity holders of the Parent Company	21	1.784.476	3.181.007	3.069.867	3.891.964
Issued capital	21	1.374.397	2.450.000	2.450.000	2.450.000
Adjustment to issued capital	21	80.115	143.526	143.526	143.526
Share premium	21	1.325	2.362	2.362	2.362
Value increased fund	21	1.174	2.092	(4.056)	13.918
Translation reserves	21	30.118	53.688	67.538	(3.939)
Restricted reserves	21	675.442	1.204.043	1.181.749	428.498
Gains on revaluation of investment property		562	1.002	-	-
Accumulated losses	21	(466.384)	(831.377)	(17.517)	173.975
Net income/ (loss) for the period		87.328	155.671	(753.735)	683.624
Non-controlling interests		510.162	909.415	822.005	764.739
Total liabilities		4.862.932	8.668.663	8.688.483	8.070.521

Commitments

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED
1 JANUARY-31 DECEMBER 2012 AND 2011**

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

	Note References	USD(*) 1 January - 31 December 2012	Audited 1 January - 31 December 2012	Restated Audited 1 January - 31 December 2011
Continued operations				
Sales	22	1.770.742	3.156.524	2.860.678
Cost of sales (-)	22	(1.240.609)	(2.211.509)	(2.060.810)
Gross profit	22	530.133	945.015	799.868
Marketing, sales and distribution expenses (-)	23	(230.691)	(411.229)	(381.169)
General administrative expenses (-)	23	(229.750)	(409.553)	(394.371)
Other operating income	25	191.608	341.560	99.549
Other operating expenses (-)	25	(87.046)	(155.168)	(1.213.403)
Operating profit/ (loss)		174.254	310.625	(1.089.526)
Financial income	26	260.254	463.928	972.076
Financial expenses (-)	27	(252.268)	(450.584)	(770.442)
Profit/ (loss) before income taxes		181.740	323.969	(887.892)
Tax (expense) / income	29	(37.238)	(66.380)	(206.560)
Current income tax expense		(47.237)	(84.205)	(191.523)
Deferred tax income/ (expense)		9.999	17.825	(15.037)
Profit/ (loss) for the period from continued operations		144.502	257.589	(1.094.452)
Discontinued operations				
Net income for the period from discontinued operations after income taxes	28	-	-	132.278
Net profit/ (loss) for the period		144.502	257.589	(962.174)
Allocation of net profit/ (loss) for the period				
Attributable to non-controlling interests		57.174	101.918	(208.439)
Attributable to equity holders of the Parent Company		87.328	155.671	(753.735)
Earning/ (loss) per share attributable to equity holders of the Parent Company (Kr)	30	0,0359	0,064	(0,308)
Earning/ (loss) per share attributable to equity holders of the Parent Company from continued operations	30	0,0359	0,064	(0,339)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	USD(*)	<i>Audited</i>	<i>Restated</i>
Note	1 January -	1 January -	1 January -
References	31 December	31 December	31 December
	2012	2012	2011
Profit/ (loss) for the period	144.502	257.589	(962.174)
Other comprehensive income / (expense):			
The fair value of investment properties	844	1.504	-
Deferred tax effect of the fair value of investment properties	(42)	(75)	-
Actuarial loss on defined retirement benefit plans	(26.503)	(47.244)	-
Deferred tax effect of actuarial losses on defined retirement benefit plans	5.288	9.426	-
Change in financial assets fair value reserve	3.449	6.148	(4.703)
Change in translation reserves	(9.291)	(16.563)	113.046
Other Comprehensive Income (After Income Tax)	(26.256)	(46.804)	108.343
Total Comprehensive Income/Expense	118.246	210.785	(853.831)
Allocation of total comprehensive income/ (expense) for the period:			
Attributable to non-controlling interests	48.915	87.195	(166.870)
Attributable to equity holders of the Parent Company	69.331	123.590	(686.961)

(*) As explained in the Note 2.1.8 to the condensed consolidated financial statements, USD amounts shown in these condensed consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate. Thus, USD amounts do not form a part of the condensed consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as at 31 December 2012.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011**

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

	Note	Share Capital	Adjustment to Share Capital	Share Premium	Financial asset fair value reserve	Translati on reserve	Restricted reserve	Retained earnings	Net profit / (loss) for the period	Equity Attributable to equity holders of the company	Non- controlling interest	Total shareholder's equity
Balances at 1 January (previously reported)	21	2.450.000	143.526	2.362	13.918	(3.939)	428.498	173.975	656.204	3.864.544	756.498	4.621.042
Effect of changes in accounting policy (Note 2.1.6)		-	-	-	-	-	-	-	27.420	27.420	8.241	35.661
Balances at 1 January 2011 (restated)		2.450.000	143.526	2.362	13.918	(3.939)	428.498	173.975	683.624	3.891.964	764.739	4.656.703
Transfer from retained earnings		-	-	-	-	-	753.251	(69.627)	(683.624)	-	-	-
Participation in the capital increase of non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	257.057	257.057
Sales of financial assets		-	-	-	(13.271)	-	-	13.271	-	-	-	-
Dividend payment		-	-	-	-	-	-	-	-	-	(17.054)	(17.054)
The effect of inflation accounting		-	-	-	-	-	-	88	-	88	125	213
Business combination and the effect of change in consolidation ratio		-	-	-	-	-	-	5.126	-	5.126	(12.247)	(7.121)
Financial liabilities that are subject to non-controlling interest put option.s		-	-	-	-	-	-	(140.350)	-	(140.350)	(4.637)	(144.987)
Other ⁽¹⁾		-	-	-	-	-	-	-	-	-	892	892
Total comprehensive income		-	-	-	(4.703)	71.477	-	-	(753.735)	(686.961)	(166.870)	(853.831)
-Change in the financial asset fair value reserve, net		-	-	-	(4.703)	-	-	-	-	(4.703)	-	(4.703)
-Currency translation differences		-	-	-	-	71.477	-	-	-	71.477	41.569	113.046
- Net loss for the period		-	-	-	-	-	-	-	(753.735)	(753.735)	(208.439)	(962.174)
Balances at 31 December 2011	21	2.450.000	143.526	2.362	(4.056)	67.538	1.181.749	(17.517)	(753.735)	3.069.867	822.005	3.891.872

(1) Represents fair value changes of call option liabilities and acquisition and disposal of shares from non-controlling shareholders and disposal of subsidiary.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011**

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

	Note	Share Capital	Adjustment to Share Capital	Share Premium	Financial Asset Fair Value Reserve	Investment property revaluation reserve	Translati on reserve	Restricted reserves	Retained earnings karları/ losses)	Net profit/loss for the period	Equity Attributable to equity holders of the parent company	Non- controlling interests	Total Equity
Balances at 1 January (previously reported)	21	2.450.000	143.526	2.362	(4.056)	-	67.538	1.181.749	(44.937)	(757.144)	3.039.038	812.031	3.851.069
Effect of changes in accounting policy (Note 2.1.6)		-	-	-	-	-	-	-	27.420	3.409	30.829	9.974	40.803
Balances at 1 January 2012 (restated)		2.450.000	143.526	2.362	(4.056)	-	67.538	1.181.749	(17.517)	(753.735)	3.069.867	822.005	3.891.872
Transfer from retained earnings		-	-	-	-	-	-	22.294	(776.029)	753.735	-	-	-
Capital increases of subsidiaries of non-group		-	-	-	-	-	-	-	-	-	-	1.973	1.973
Dividend payments out of group by subsidiaries		-	-	-	-	-	-	-	-	-	-	(10.628)	(10.628)
Option adjustment for non-controlling interest	17	-	-	-	-	-	-	-	21.374	-	21.374	25.762	47.136
Purchase of subsidiaries' shares	17	-	-	-	-	-	-	-	(32.565)	-	(32.565)	(17.390)	(49.955)
Purchase of shares of subsidiaries from Non-controlling interests		-	-	-	-	-	-	-	(882)	-	(882)	-	(882)
Purchase of shares of entities under common control		-	-	-	-	-	-	-	(377)	-	(377)	(247)	(624)
Other (1)		-	-	-	-	-	-	-	-	-	-	745	745
Total comprehensive income		-	-	-	-	1.002	(13.850)	-	(25.381)	155.671	123.590	87.195	210.785
- Financial assets fair value reserves (net)		-	-	-	6.148	-	-	-	-	-	6.148	-	6.148
- Investment property revaluation reserves		-	-	-	6.148	1.002	-	-	-	-	1.002	427	1.429
- Actuarial loss on defined retirement benefit plans		-	-	-	-	-	-	-	(25.381)	-	(25.381)	(12.437)	(37.818)
- Currency translation differences		-	-	-	-	-	(13.850)	-	-	-	(13.850)	(2.713)	(16.563)
- Net profit for the period		-	-	-	-	-	-	-	-	155.671	155.671	101.918	257.589
Balances at 31 December 2012	21	2.450.000	143.526	2.362	2.092	1.002	53.688	1.204.043	(831.377)	155.671	3.181.007	909.415	4.090.422

(1) Represents fair value changes of call option liabilities and acquisition and disposal of shares from non-controlling shareholders and disposal of subsidiary.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 1 JANUARY – 31 DECEMBER 2012 AND 2011**

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

	Notes	USD (*) 1 January - 31 December 2012	Audited 1 January - 31 December 2012	Restated Audited 1 January - 31 December 2011
Profit/ (loss) before income taxes from continues operations		181.740	323.969	(887.892)
Loss before income taxes from discontinued operations	28	-	-	153.465
Adjustments:				
Depreciation and amortization	13-14	117.578	209.595	231.730
Provision for employment termination benefits	19	8.391	14.957	23.731
Interest expense	27	55.316	98.607	120.295
Currency translation differences		(4.822)	(8.596)	55.810
Change in fair value of derivative financial instruments		(192)	(342)	(7.335)
Gain on sale of property, plant and equipment	25	(104.073)	(185.521)	(7.269)
Loss on sale of property, plant and equipment	25	10.297	18.355	7.475
Provision for impairment of goodwill		11.936	21.278	103.895
Provision for impairment property, plant and equipment and intangible assets	13-14	1.048	1.868	46.052
Investment property at fair value		(6.317)	(11.261)	(3.517)
Gain on sale of subsidiary	25-28	(1.367)	(2.436)	(247.868)
Provision of doubtful receivable	25	22.632	40.344	39.019
Reversal of provision for doubtful receivables	9	-	-	(3.664)
Provision for other doubtful receivables (net)	20	(48)	(86)	273
Finance expense for tax liability in dispute and tax base increase regarding 6111 law		11.284	20.115	39.967
Disputed tax debt expense regarding 6111 law		-	-	844.993
Tax base increase liability regarding 6111 law	25	-	-	89.560
Competition authority penalty	25	-	-	4.923
Gain on sale of available for sale financial assets	25	-	-	(11.278)
Unearned finance income due to sales with maturity and credit finance expense	27	9.749	17.378	17.554
Provision for impairment on inventories	25	2.139	3.813	1.665
Reversal of provision for impairment on inventories	11	(1.894)	(3.376)	(2.620)
Interest income	26	(93.986)	(167.540)	(199.391)
Unearned finance expense due to purchases with maturity and credit finance income	26	(32.472)	(57.885)	(51.338)
Unrealized foreign exchange (gain) / loss (net)		(72.720)	(129.631)	398.082
Provision for lawsuits	17	7.284	12.986	7.380
Reversal of provision for lawsuits	17	(1.222)	(2.178)	(4.731)
Provision for withholding tax	17	-	-	1.751
Reversal of provision for withholding tax	17	(12.414)	(22.130)	(7.710)
Cancellation of tax penalty		-	-	(4.977)
Annulment indemnity of put option agreement of Turner	25	(25.674)	(45.767)	-
Loss from withdrawal from 2. and 3. section of Milpark project	25	14.086	25.110	-
Provision for unused vacation		5.671	10.110	18.327
		101.950	181.736	766.357

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 1 JANUARY – 31 DECEMBER 2012 AND 2011**

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

		USD (*) 1 January - 31 December 2012	Audited 1 January - 31 December 2012	Restated Audited 1 January - 31 December 2011
Change in assets and liabilities:	Notes			
Decrease / (increase) in financial investments		16.386	29.209	(22.013)
Decrease in trade receivables and due from related parties		(83.757)	(149.304)	(191.381)
Collections from doubtful receivables	9	8.508	15.166	28.870
Decrease / (increase) in inventories		3.422	6.100	(43.579)
Decrease / (increase) in other current and non-current assets		(56.112)	(100.025)	(88.886)
(Decrease) / increase in trade payables and due to related parties		(9.022)	(16.083)	66.417
Decrease in other current assets		16.976	30.261	47.167
Decrease in other non-current assets		(1.416)	(2.524)	(24.268)
Increase in other current liabilities		(22.868)	(40.765)	71.442
Increase in other payables		9.249	16.487	38.783
Employment termination benefits paid	19	(7.368)	(13.135)	(9.499)
Unused vacation liability paid	20	(3.935)	(7.015)	(9.664)
Tax paid	29	(63.517)	(113.226)	(251.471)
Provision for lawsuits paid	17	(2.055)	(3.663)	(8.078)
Provision for tax penalty paid	17	-	-	(28.545)
Increase/(decrease) in debt provisions		(1.057)	(1.885)	(53.632)
Increase in long term liabilities		(709)	(1.263)	91.229
Tax liability in dispute paid regarding 6111 law		(349.930)	(623.785)	(216.508)
Tax base increase paid regarding 6111 law		(12.444)	(22.182)	(72.408)
Increase in blocked deposits		(133.678)	(238.295)	(205.824)
Net cash used in operating activities:		(591.377)	(1.054.191)	(115.491)
Investing activities:				
Acquisition of property, plant and equipment and intangible assets		(254.386)	(453.469)	(606.198)
Purchase of investment property	13	(83.621)	(149.063)	(32.429)
Proceeds from property, plant and equipment and intangible assets		180.477	321.719	42.435
Purchasing share of subsidiary	3	(28.869)	(51.461)	(7.121)
Purchasing subsidiary		(172.267)	(307.083)	-
Cash provided from sale of financial investment		-	-	36.225
Cash provided from sale of subsidiary		-	-	293.594
Net cash used in investing activities		(358.666)	(639.357)	(273.494)
Financing activities:				
Increase in financial borrowings		208.467	371.614	94.773
Interest received		83.118	148.167	194.640
Interest paid		(77.881)	(138.831)	(141.273)
Increasing capital of non-controlling interests		1.107	1.973	257.057
Dividends paid to non-controlling interests		(5.962)	(10.628)	(17.054)
Increase in other payables to related parties	31	20.552	36.636	-
Cash provided from exported financial instrument		21.889	39.020	39
Net cash (used in)/ provided from financing activities		251.290	447.951	388.182
Net decrease in cash and cash equivalents		(698.753)	(1.245.597)	(803)
Cash and cash equivalents at the beginning of the period	6	1.939.878	3.458.026	3.458.829
Cash and cash equivalents at the end of the period	6	1.241.125	2.212.429	3.458.026

(*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 31 December 2012.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since June 21, 1993. As of 31 December 2012, %31,97 shares of Doğan Holding are offered to the public (31 December 2011: %32,46). Within the frame of Resolution No.21/655 dated 23 July 2010 of CMB; according to the records of Central Registry Agency, the %34,29 shares of Doğan Holding are to be considered in circulation (Note 21).

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

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34696 İstanbul

Doğan Holding's principal activities are in Turkey and its activities are presented under three segments for reporting purposes as of 31 December 2012:

- Media
- Retail
- Other

As a result of Doğan Holding's purchase of Doğan Yayın Holding A.Ş.'s subsidiary Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. shares as of 16 January 2012, it has been decided that operation results of Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. and its subsidiary Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. will be specified as a different reporting unit and these subsidiaries' operation results have been represented as "retail" segment since the date of share purchase.

"Other" operations mainly comprise of trade, tourism, telecommunications, manufacturing, energy and real estate. These companies are not considered as separate reportable segments since the effects of the operating results are below materiality when compared with consolidated results.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

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

Subsidiaries	Country	Nature of business	Segment
Doğan Yayın Holding A.Ş. ("Doğan Yayın Holding or DYH")	Turkey	Holding	Media
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Turkey	Newspaper publishing	Media
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım")	Turkey	Printing and administrative services	Media
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Printing services	Media
Posta Haber Ajansı A.Ş. ("Posta Haber")	Turkey	News agency	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 Müessesilik A.Ş. ("Doğan Dış Ticaret")	Turkey	Import and export	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	News agency	Media
Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. ("Doğan Gazetecilik İnternet")	Turkey	Internet services	Media
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Internet services	Media
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung")	Germany	Newspaper printing	Media
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	Germany	Newspaper publishing	Media
Doğan Media International GmbH ("DMI")	Germany	Newspaper publishing	Media
Hürriyet Invest B.V. ("Hürriyet Invest")	The Netherlands	Investment	Media
Fairworld International Limited ("Fairworld")	England	Foreign trade	Media
Falcon Purchasing Services Ltd. ("Falcon")	England	Foreign trade	Media
Trader Media East Ltd. ("TME")	Jersey	Investment	Media
Oglasnik d.o.o.	Croatia	Newspaper and internet publishing	Media
TCM Adria d.o.o.	Croatia	Investment	Media
Expressz Magyarorszag Media Kft ⁽¹⁾	Hungary	Newspaper and internet publishing	Media
Mirabridge International B.V.	The Netherlands	Investment	Media
Publishing International Holding B.V.	The Netherlands	Investment	Media
Pronto Invest B.V.	The Netherlands	Investment	Media
Moje Delo spletni marketing, d.o.o.	Slovenia	Internet publishing	Media
Bolji Posao d.o.o. Serbia	Serbia	Internet publishing	Media
Bolji Posao d.o.o. Bosnia	Bosnia Herzegovania	Internet publishing	Media
OOO RUKOM	Russia	Internet publishing	Media
OOO Pronto Aktobe	Kazakhstan	Newspaper and internet publishing	Media
OOO Novoprint	Russia	Newspaper and internet publishing	Media
OOO Delta-M	Russia	Newspaper and internet publishing	Media
OOO Pronto Baikal	Russia	Newspaper and internet publishing	Media
Job.ru LLC	Russia	Newspaper and internet publishing	Media
OOO Pronto DV	Russia	Internet publishing	Media
OOO Pronto Ivanovo	Russia	Newspaper and internet publishing	Media
OOO Pronto Kaliningrad	Russia	Newspaper and internet publishing	Media
OOO Pronto Kazan	Russia	Newspaper and internet publishing	Media
OOO Pronto Krasnodar	Russia	Newspaper and internet publishing	Media
OOO Pronto Krasnoyarsk	Russia	Newspaper and internet publishing	Media
OOO Pronto Nizhny Novgorod	Russia	Newspaper and internet publishing	Media
OOO Pronto Novosibirsk	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 Stavropol	Russia	Newspaper and internet publishing	Media
OOO Pronto UlanUde	Russia	Newspaper and internet publishing	Media
OOO Pronto Vladivostok	Russia	Newspaper and internet publishing	Media
OOO Pronto Moscow	Russia	Newspaper and internet publishing	Media
OOO Pronto Neva	Russia	Newspaper and internet publishing	Media
OOO Tambukan	Russia	Newspaper and internet publishing	Media
OOO Utro Peterburga	Russia	Newspaper and internet publishing	Media
OOO Pronto Astrakhan	Russia	Newspaper and internet publishing	Media
OOO Pronto Kemerovo	Russia	Newspaper and internet publishing	Media
OOO Pronto Smolensk	Russia	Newspaper and internet publishing	Media
OOO Pronto Tula	Russia	Newspaper and internet publishing	Media
OOO Pronto Voronezh	Russia	Newspaper and internet publishing	Media
OOO Tambov-Info	Russia	Newspaper and internet publishing	Media
OOO Pronto Obninsk	Russia	Newspaper and internet publishing	Media

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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
OOO Pronto Pskov	Russia	Internet publishing	Media
OOO SP Belpronto	Belarus	Newspaper and internet publishing	Media
OOO Pronto Rostov	Russia	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
SP Pronto Kiev	Ukraine	Newspaper and internet publishing	Media
OOO Rosprint Samara	Russia	Printing services	Media
OOO Partner-Soft	Russia	Internet publishing	Media
Pronto Soft	Belarus	Internet publishing	Media
TOV E-Prostir	Ukraine	Internet publishing	Media
Impress Media Marketing LLC	Russia	Publishing	Media
OOO Rektcentr	Russia	Investment	Media
ZAO NPK	Russia	Call center	Media
Publishing House Pennsylvania Inc.	USA	Investment	Media
Pronto Ust Kamenogorsk	Kazakhstan	Newspaper publishing	Media
Sklad Dela Prekmurje NGO	Slovenia	Internet publishing	Media
Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. (“Nartek”)	Turkey	Internet 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
Kanal D Yapımcılık Reklamcılık ve Dağıtım A.Ş.	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
Alp Görsel İletişim Hizmetleri A.Ş. (“Alp Görsel”)	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. (“Kanalspor”)	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 ve Radyo Yayıncılık A.Ş. (“Bravo TV”)	Turkey	TV Publishing	Media
Doğa Televizyon ve Radyo Yayıncılık A.Ş. (“Doğa TV”)	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
Koloni Televizyon ve Radyo Yayıncılık A.Ş. (“Koloni TV”)	Turkey	TV Publishing	Media
Atılğan Televizyon ve Radyo Yayıncılık A.Ş. (“Atılğan 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”) ⁽²⁾	Turkey	TV Publishing	Media
Uydu İletişim Basın Yayın A.Ş. (“Uydu”)	Turkey	TV Publishing	Media
Eko TV Televizyon Yayıncılık A.Ş. (“TNT or Eko TV”)	Turkey	TV Publishing	Media
Anemon İletişim Hizmetleri A.Ş. (“Anemon”)	Turkey	TV Publishing	Media
Yosun İletişim Hizmetleri A.Ş. (“Yosun”)	Turkey	TV Publishing	Media
Denizatu İletişim Hizmetleri A.Ş. (“Denizatu”)	Turkey	TV Publishing	Media
Protema Yapım Reklamcılık ve Dağıtım A.Ş. in liquidation process (“Protema Yapım”)	Turkey	TV Publishing	Media
NetD Dijital Yayıncılık Ticaret A.Ş. (“NetD Dijital Yayıncılık”)	Turkey	TV Publishing	Media
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. (“Doğan Uydu Haberleşme”)	Turkey	TV Publishing	Media

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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
Doğan Teleshopping Pazarlama ve Ticaret A.Ş. ("Doğan Teleshopping" or "Her Eve Lazım")	Turkey	TV Publishing	Media
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("RapsodiRadyo")	Turkey	Radio Publishing	Media
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Turkey	Music and Entertainment	Media
İnteraktif Medya Hizmetleri Geliştirme Pazarlama ve Ticaret A.Ş. ("İnteraktif Medya")	Turkey	Interactive Services	Media
Primeturk GmbH ("Prime Turk")	Germany	Marketing	Media
Osmose Media S.A ("Osmose Media")	Luxembourg	Marketing	Media
Doğan Media International S.A. ("Kanal D Romanya")	Romania	TV Publishing	Media
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("DMK")	Turkey	Retail	Retail
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Turkey	Retail	Retail
Doğan Faktoring A.Ş. ("Doğan Faktoring") ⁽¹⁾	Turkey	Factoring	Media
Doğan Platform Yatırımları A.Ş. ("Doğan Platform")	Turkey	Investment	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Turkey	Trade	Other
Doğan Otomobilcilik Ticaret ve Sanayi A.Ş. ("Doğan Oto")	Turkey	Trade	Other
Enteralle Handels GmbH ("Enteralle Handels")	Germany	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	Manufacturing	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Turkey	Manufacturing	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Turkey	Tourism	Other
Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. ("Doğan Organik")	Turkey	Agriculture	Other
Zigana Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Zigana")	Turkey	Energy	Other
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Turkey	Energy	Other
Nakkaştepe Elektrik Üretim ve Yatırımları Sanayi ve Ticaret A.Ş. ("Nakkaştepe Elektrik")	Turkey	Energy	Other
Galata Wind Enerji A.Ş. ("Galata Wind")	Turkey	Energy	Other
Akdeniz Elektrik Üretim ve Yatırımları Sanayi Ticaret A.Ş. ("Akdeniz Elektrik")	Turkey	Energy	Other
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Romania	Real Estate	Other
D Stroy Limited ("D Stroy")	Russia	Real Estate	Other
DHI Investment B.V. ("DHI Investment")	Holland	Investment	Other

(1) Related subsidiary has changed its commercial title as of June 30, 2012

(2) Related subsidiary has changed its commercial title as of September 25, 2012

(3) Related subsidiary has changed its commercial title as of May 11, 2012.

For the purposes of the segmental information in consolidated financial statements, Doğan Holding's separate financial statements have been included in the "other" segment (Note 5).

As the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

The Capital Markets Board of Turkey (“CMB”) regulates the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 “The Financial Reporting Standards in the Capital Markets”. According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. However, IASs/IFRSs will be in effect for the period in which the differences derived from the standards accepted by the European Union and the standards issued by International Accounting Standards Board (“IASB”) would be announced by Turkish Accounting Standards Board (“TASB”). Accordingly, Turkish Accounting/ Financial Reporting Standards (“TAS”/“TFRS”) previously issued by TASB, which do not contradict to the standards adopted, shall be applied.

With the decision taken on March 17, 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, the Group did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB in its financial statements for the accounting periods starting from 1 January 2005.

Within the scope of CMB’s Communiqué No: XI-29 and its announcements clarifying this communiqué the consolidated financial statements have been prepared in accordance with the CMB’s Financial Reporting Standards which are based on IAS/IFRS, as the differences of IAS/IFRS, adopted by the European, from those published by IASB have not yet been announced by the relevant local regulatory authority as of the date of these financial statements. The consolidated financial statements and accompanying notes to them have been presented in accordance with the CMB’s Communiqué No: XI-29 and its regulations with regard to preparation of financial statements by including the mandatory information.

Doğan Holding and its subsidiaries, joint ventures and associates registered in Turkey maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in TL in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries prepare their statutory financial statements in accordance with the laws and regulations in force in the countries in which they are registered.

These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

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

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

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (currency translation differences).
- Inflation accounting adjustments have been made for the indirect subsidiaries of the Group operating in Belarus in accordance with IAS 29 standard as of 31 December 2012

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement 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 Associates (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. The financial statements of the companies included in the scope of consolidation and presentation of accounting policies applied by the Group are prepared in accordance with CMB Financial Reporting Standards.

Subsidiaries and joint ventures acquired or disposed of during the accounting period are included in the consolidation from the date at which the control/common control of operations are transferred to the Group and excluded from the consolidation when the control/common 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

2.1.3 Consolidation principles (Continued)

Significant accounting policies used in the preparation of these consolidated financial statements are summarized as below:

(a) Subsidiaries

Subsidiaries are companies in which Doğan Holding has power to control the financial and operating policies for the benefit of Doğan Holding either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Doğan Holding and 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 balance sheets and statements of income 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. Finance costs and the dividends arising from shares held by Doğan Holding in its subsidiaries are eliminated from equity and income for the period, respectively. 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.

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 Company. 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

2.1.3 Consolidation principles (Continued)

The table below sets out the proportion of voting power held by Doğan Holding and its subsidiaries and effective ownership interests at 31 December 2012 and 31 December 2011:

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	31	31	31	31	31	31	31
	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011
Hürriyet	77,65	77,65	-	-	77,65	77,65	61,40	61,40
Doğan Gazetecilik ⁽¹⁾	70,76	70,76	0,52	0,52	71,28	71,28	53,49	53,49
Milliyet Verlags ⁽²⁾	99,88	99,88	0,12	0,12	99,88	100,00	74,31	74,31
DMI	100,00	100,00	-	-	100,00	100,00	69,57	69,57
Hürriyet Medya Basım	100,00	100,00	-	-	100,00	100,00	61,40	61,40
Doğan Ofset	99,93	99,93	-	-	99,93	99,93	61,36	61,36
Mozaik	99,87	99,85	0,11	0,08	99,98	99,93	60,54	60,53
Posta Haber	100,00	100,00	-	-	100,00	100,00	55,19	55,16
Doğan Haber	99,94	99,86	-	-	99,94	99,86	68,02	67,97
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	75,55	75,47
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	75,34	75,34
Işıl İthalat İhracat ⁽³⁾	-	96,70	-	-	-	96,70	-	72,86
Refeks ⁽⁴⁾	-	100,00	-	-	-	100,00	-	61,40
E Tüketici ⁽⁵⁾	-	99,80	-	0,10	-	99,90	-	60,79
Doğan Gazetecilik								
Internet	100,00	100,00	-	-	100,00	100,00	53,72	53,72
Yenibir	100,00	100,00	-	-	100,00	100,00	61,40	61,40
TME Teknoloji ⁽⁵⁾	-	100,00	-	-	-	100,00	-	61,40
Hürriyet								
Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	61,40	61,40
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	61,40	61,40
TME ⁽⁶⁾	67,30	67,30	-	-	67,30	67,30	45,61	43,68
Mirabridge								
International B.V.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Publishing International								
Holding B.V. ⁽⁷⁾	100,00	-	-	-	100,00	-	45,61	-
Job.ru LLC ⁽⁸⁾	100,00	-	-	-	100,00	-	45,61	-
Pronto Invest B.V.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Publishing House								
Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Doğan Platform	100,00	100,00	-	-	100,00	100,00	75,59	74,53
Doğan Yayın Holding	75,59	74,53	2,40	2,48	77,99	77,01	75,59	74,53
Fairworld	100,00	100,00	-	-	100,00	100,00	75,34	74,29
Falcon	100,00	100,00	-	-	100,00	100,00	75,34	74,29
Oglasnik d.o.o. ⁽⁹⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Marchant ⁽¹⁰⁾	-	100,00	-	-	-	100,00	-	71,84
Expressz Magyarorszag								
Media Kft	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	27,37	26,21
OOO Pronto Rostov	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Aktobe	80,00	80,00	-	-	80,00	80,00	29,19	27,96
OOO Novoprint ⁽¹¹⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Delta-M	55,00	55,00	-	-	55,00	55,00	25,08	24,03
OOO Pronto Baikal	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto DV	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Ivanovo	100,00	100,00	-	-	100,00	100,00	45,61	43,68

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

2.1.3 Consolidation principles (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 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	2012	2011	2012	2011	2012	2011	2012	2011
OOO Pronto Kaliningrad	95,00	95,00	-	-	95,00	95,00	43,33	41,50
OOO Pronto Kazan	72,00	72,00	-	-	72,00	72,00	32,84	31,45
OOO Pronto Krasnodar	80,00	80,00	-	-	80,00	80,00	36,49	34,94
OOO Pronto Krasnoyarsk ⁽¹²⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Nizhny Novgorod	90,00	90,00	-	-	90,00	90,00	41,05	39,32
OOO Pronto Novosibirsk	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Oka ⁽¹³⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Stavropol ⁽¹⁴⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto UlanUde	90,00	90,00	-	-	90,00	90,00	41,05	39,32
OOO Pronto Vladivostok	90,00	90,00	-	-	90,00	90,00	41,05	39,32
OOO Pronto Volgograd ⁽¹⁵⁾	-	100,00	-	-	-	100,00	-	43,68
OOO Pronto Moscow	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Neva	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Tambukan	85,00	85,00	-	-	85,00	85,00	38,77	37,13
OOO Utro Peterburga ⁽¹³⁾	55,00	55,00	-	-	55,00	55,00	25,08	24,03
OOO Pronto Astrakhan ⁽¹⁶⁾	-	100,00	-	-	-	100,00	-	43,68
OOO Pronto Kemerovo	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Smolensk	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Tula	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Voronezh	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Tambov-Info	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Obninsk	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Pskov ⁽¹⁷⁾	100,00	-	-	-	100,00	-	41,05	-
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Atyrau	100,00	100,00	-	-	100,00	100,00	36,49	34,94
OOO Pronto Aktau	100,00	100,00	-	-	100,00	100,00	36,49	34,94
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	36,49	34,94
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	22,80	21,84
Internet Posao d.o.o. ⁽¹⁸⁾	-	100,00	-	-	-	100,00	-	30,58
Moje Delo spletni Marketing d.o.o. ⁽⁹⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Bolji Posao d.o.o. Serbia	100,00	100,00	-	-	100,00	100,00	25,08	24,03
Bolji Posao d.o.o. Bosnia	100,00	100,00	-	-	100,00	100,00	25,08	24,03
OOO RUKOM ⁽¹¹⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Sklad Dela Prekmurje NGO	100,00	100,00	-	-	100,00	100,00	25,08	24,03
OOO Partner-Soft	90,00	100,00	-	-	90,00	100,00	41,05	39,32
Pronto Soft	90,00	90,00	-	-	90,00	90,00	41,05	39,32
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	22,80	21,84
Prime Turk	100,00	100,00	-	-	100,00	100,00	60,54	60,44
Osmose Media	100,00	100,00	-	-	100,00	100,00	60,44	60,44
OOO Rosprint ⁽¹⁹⁾	-	100,00	-	-	-	100,00	-	43,68
OOO Rosprint Samara	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Impress Media Marketing LLC ⁽⁹⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Pronto Ust Kamenogorsk	100,00	90,00	-	-	100,00	90,00	36,49	34,94
Doğan TV Holding ⁽²⁰⁾	79,96	79,96	0,14	0,14	80,10	80,10	60,44	60,44
Kanal D	94,85	94,85	5,14	5,14	99,99	99,99	57,33	57,33
Kanal D Yapımcılık ⁽²¹⁾	100,00	-	-	-	100,00	-	57,33	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

2.1.3 Consolidation principles (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	31	31	31	31	31	31	31
	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011
Alp Görsel	100,00	100,00	-	-	100,00	100,00	60,44	60,44
Fun TV	96,41	94,96	2,14	2,14	98,55	97,10	58,37	57,40
Tempo TV	99,27	94,71	0,42	2,13	99,69	96,84	60,10	57,33
Kanalspor	100,00	99,59	-	0,29	100,00	99,88	60,54	60,28
Milenyum TV	100,00	99,90	-	0,06	100,00	99,96	60,54	60,38
TV 2000	100,00	98,44	-	1,09	100,00	99,53	60,54	59,59
Moda Radyo ⁽²²⁾	-	99,82	-	0,09	-	99,91	-	60,34
Popüler TV	100,00	94,66	-	2,67	100,00	97,33	60,54	57,30
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	60,44	60,44
Bravo TV	100,00	98,73	-	1,00	100,00	99,73	60,54	59,77
Doğa TV	100,00	97,50	-	1,25	100,00	98,75	60,54	59,02
Altın Kanal	100,00	99,14	-	0,43	100,00	99,57	60,54	60,01
Stil TV	100,00	98,91	-	0,79	100,00	99,70	60,54	59,87
Selenit TV	99,88	99,81	0,06	0,06	99,94	99,87	60,46	60,42
Elit TV ⁽²³⁾	-	99,05	-	0,32	-	99,37	-	59,96
D Çocuk	100,00	99,95	-	0,76	100,00	99,71	60,54	59,89
Ekinoks TV	100,00	99,77	-	0,17	100,00	99,94	60,54	60,39
Dönence TV ⁽²³⁾	-	96,17	-	2,77	-	98,94	-	58,21
Fleks TV	100,00	97,81	-	1,58	100,00	99,39	60,54	59,21
Planet TV ⁽²³⁾	-	99,36	-	0,46	-	99,82	-	60,15
HD TV ⁽²³⁾	-	99,67	-	0,24	-	99,91	-	60,33
Doğan Prodüksiyon ⁽²⁴⁾	-	100,00	-	-	-	100,00	-	60,44
Doğan TV Dijital	100,00	99,99	-	0,01	100,00	100,00	63,08	60,53
Kutup TV	100,00	99,79	-	0,27	100,00	99,90	60,54	60,31
Galaksi TV	100,00	99,20	-	1,00	100,00	99,20	60,54	59,44
Koloni TV	90,00	90,00	3,33	3,34	93,33	93,34	54,40	54,40
Atılgan TV	90,00	90,00	3,33	3,33	93,33	93,33	54,40	54,40
Atmosfer TV ⁽²³⁾	-	86,67	-	3,33	-	90,00	-	52,46
Gümüş TV ⁽²³⁾	-	92,86	-	1,79	-	94,65	-	56,21
Platin TV ⁽²³⁾	-	91,30	-	2,17	-	93,47	-	55,27
Yörünge TV	99,19	98,39	0,40	0,40	99,60	98,79	60,05	59,56
Doruk Televizyon	99,92	99,86	0,05	0,08	99,97	99,94	60,40	60,36
Safir Televizyon ⁽²³⁾	-	86,66	-	6,67	-	93,33	-	52,46
Tematik TV	86,67	90,00	6,67	3,33	93,33	93,33	52,39	52,39
Süper Kanal	99,91	99,65	0,03	0,12	99,94	99,77	60,39	60,32
Uydu	64,67	58,67	32,00	32,00	96,67	90,67	39,14	35,51
Mobil ⁽²⁵⁾	-	99,99	-	-	-	99,99	-	60,44
Matis TV ⁽²⁶⁾	-	100,00	-	-	-	100,00	-	60,53
Yonca TV ⁽²³⁾	-	100,00	-	-	-	100,00	-	60,44
İnci TV ⁽²⁷⁾	-	86,67	-	3,33	-	90,00	-	52,46
Kuvars TV ⁽²³⁾	-	86,67	-	3,33	-	90,00	-	52,46
Lal TV ⁽²³⁾	-	86,67	-	3,33	-	90,00	-	52,46
Truva TV ⁽²⁷⁾	-	86,67	-	3,33	-	90,00	-	52,46
Kayra TV ⁽²⁸⁾	-	86,67	-	3,33	-	90,00	-	52,46
Milas TV ⁽²⁷⁾	-	86,67	-	3,33	-	90,00	-	52,46
Eko TV ⁽²⁹⁾	95,01	-	0,02	-	95,03	-	57,43	-
Kanal D Romanya	100,00	83,17	-	-	100,00	83,17	69,57	57,87
Anemon ⁽³⁰⁾	-	100,00	-	-	-	100,00	-	60,44
Yosun ⁽³⁰⁾	-	100,00	-	-	-	100,00	-	60,44
Denizati	100,00	100,00	-	-	100,00	100,00	60,44	60,44
Protema in liquidation process ⁽³¹⁾	99,99	99,99	-	-	100,00	99,99	60,44	60,44

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

2.1.3 Consolidation principles (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	31	31	31	31	31	31	31
	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011
NetD Dijital Yayıncılık ⁽³²⁾	100,00	-	-	-	100,00	-	60,44	-
Doğan Uydu Haberleşme ⁽³³⁾	100,00	-	-	-	100,00	-	60,44	-
Doğan Teleshopping	100,00	99,99	-	-	100,00	99,99	60,44	60,44
ZAO NPK ⁽¹¹⁾	100,00	100,00	-	-	100,00	100,00	45,61	43,18
Rapsodi Radyo	99,25	97,58	0,34	1,49	99,59	99,07	59,99	58,98
DMC	100,00	99,96	-	0,01	100,00	99,97	60,44	65,26
İnteraktif Medya	99,99	100,00	0,01	-	100,00	100,00	60,44	60,44
DMK ⁽³⁴⁾	100,00	100,00	-	-	100,00	100,00	100,00	75,59
Hürservis ⁽³⁴⁾	100,00	100,00	-	-	100,00	100,00	95,60	73,97
Doğan İletişim ⁽³⁵⁾	-	100,00	-	-	-	100,00	-	75,59
Doğan Faktoring	100,00	100,00	-	-	100,00	100,00	75,11	75,11
Aras Prodüksiyon ⁽³⁶⁾	-	99,99	-	-	-	99,99	-	60,44
Nartek	60,00	60,00	-	-	60,00	60,00	36,84	36,84
Milpa	86,27	86,27	0,22	0,22	86,49	86,49	86,27	86,27
Doğan Oto	99,80	99,76	0,20	0,24	100,00	100,00	99,80	99,76
Enteralle Handels	100,00	100,00	-	-	100,00	100,00	86,27	86,27
Orta Anadolu Otomotiv	85,00	85,00	-	-	85,00	85,00	84,83	84,80
Doğan Havacılık ⁽³⁷⁾	-	100,00	-	-	-	100,00	-	91,62
Çelik Halat	78,69	78,69	-	-	78,69	78,69	78,69	78,69
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	98,68	-	1,32	100,00	100,00	100,00	98,68
Doğan Organik	100,00	100,00	-	-	100,00	100,00	98,57	98,57
Zigana	85,01	85,01	-	-	85,01	85,01	85,01	85,01
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Nakkastepe Elektrik ⁽³⁸⁾	100,00	-	-	-	100,00	-	100,00	-
Galata Wind ⁽³⁹⁾	100,00	-	-	-	100,00	-	100,00	-
Akdeniz Elektrik ⁽³⁹⁾	99,98	-	-	-	99,98	-	99,97	-
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	100,00	100,00
SC Doğan Hospitals ⁽⁴⁰⁾	-	100,00	-	-	-	100,00	-	100,00
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00

- (1) According to the statutory records of Group, proportion of effective ownership interest of Doğan Gazetecilik is 53,49%. Nevertheless, in consequence of the option explained in Note 8, the operational results of Doğan Gazetecilik and its subsidiaries are included into the consolidation by the Group with the rate of 70,12% by considering the additional share proportion in accordance with IAS 32 "Financial Instruments: Presentation".
- (2) The related subsidiary is in the liquidation process as of 27 December 2010.
- (3) The related subsidiary has merged with Doğan Dış Ticaret ve Mümessilik A.Ş. as of 31 December 2012.
- (4) The liquidation process of the related subsidiary is completed as of 20 June 2012.
- (5) The related subsidiary was merged with Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. as of 19 June 2012.
- (6) Group has purchased and taken over 6,98% of shares corresponding to a number of 3.490.691(exact) share of TME as of 7 March 2012.
- (7) The related subsidiary was established as of 28 June 2012.
- (8) The related subsidiary was established as of 29 September 2012.
- (9) Related rates include call-options regarding non-controlling shares explained in Note 15.
- (10) The liquidation process of the related subsidiary is completed as of 16 April 2012.
- (11) The related subsidiary is in the liquidation process as of 2012.
- (12) The related subsidiary is in the liquidation process as of 2011.
- (13) The related subsidiary has ceased its operations before the year 2010.
- (14) The merging process of the related subsidiary with OOO Pronto Rostov has started during the year, 2011.
- (15) The liquidation process of the related subsidiary has been completed as of 18 May 2012.
- (16) The liquidation process of the related subsidiary is completed as of 7 November 2012.
- (17) The related subsidiary was established as of 18 June 2012.

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(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)

2.1.3 Consolidation principles (Continued)

- (18) The related subsidiary was merged with Oglasnik d.o.o. as of 15 May 2012.
- (19) The sale of the related subsidiary has been completed as of 5 April 2012.
- (20) According to the statutory records of the Group, proportion of effective ownership interest of Doğan TV Holding is 60,44%. Nevertheless in consequence of the Option explained in detail in Note 15, the operational results of Doğan TV Holding and its subsidiaries are included into the consolidation by the Group with the rate of 68.35% by considering the additional share proportion in accordance with IAS 32 "Financial Instruments, Disclosure and Presentation".
- (21) The related subsidiary was established as of 5 June 2012.
- (22) The sale and transfer of shares of the related subsidiary have been completed as of 12 January 2012.
- (23) The related subsidiary was merged with Mozaik İletişim Hizmetleri A.Ş. as of 31 May 2012.
- (24) The related subsidiary was merged with D Yapım Reklamcılık ve Dağıtım A.Ş. as of 25 December 2012.
- (25) The liquidation process of the related subsidiary is completed as of 18 June 2012.
- (26) The liquidation process of the related subsidiary is completed as of 25 June 2012.
- (27) The liquidation process of the related subsidiary is completed as of 22 June 2012.
- (28) The liquidation process of the related subsidiary is completed as of 20 June 2012.
- (29) As of 6 September 2012, Group Management has completed the share purchase transaction for the 19,98% shares of Eko TV which was accounted as joint venture at 31 December 2011. In the current period, the Company has been included as subsidiary in the scope of consolidation.
- (30) The related subsidiary was merged with Denizati İletişim Hizmetleri A.Ş. as of 7 August 2012.
- (31) The related subsidiary is in the liquidation process as of 26 November 2012.
- (32) The related subsidiary was established as of 22 November 2012.
- (33) The related subsidiary was established as of 6 November 2012.
- (34) The sale and transfer of shares of Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("DMK") and its subsidiary to the parent company, Doğan Holding, have been completed as of 16 January 2012.
- (35) The related subsidiary was merged with Doğan TV Dijital Platform İşletmeciliği A.Ş. as of 30 April 2012.
- (36) The related subsidiary was merged with Doruk Televizyon ve Radyo Yayıncılık A.Ş. as of 26 April 2012.
- (37) The related subsidiary was merged with Milta Turizm İşletmeleri A.Ş. as of 25 December 2012.
- (38) The related subsidiary was established as of 15 June 2012.
- (39) The process of acquisition of the shares representing the entire share capital of Akdeniz Elektrik Üretim A.Ş. and Galata Wind Enerji Limited Şirketi by a subsidiary of the Group was completed on June 28, 2012.
- (40) The liquidation process of the related subsidiary is completed as of 29 June 2012.

b) Interests in 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. Joint ventures, except for those that are classified as held for sale under IFRS 5 are included in consolidation using the proportionate consolidation method (i.e. through the inclusion of the Group's share of the assets, liabilities, income and expenses). Unrealized gains and losses arising from the transactions with the Group and its joint ventures are eliminated proportionally as the Group's interest in the joint venture. The joint-ventures, the proportion of voting power held by Doğan Holding and its subsidiaries and effective ownership interests at 31 December 2012 and 31 December 2011 are disclosed in Note 4.

(c) Interests in Associates

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. Investments in joint ventures are accounted for using the equity method of accounting. Such entities are companies in which Doğan Holding and its subsidiaries have 20% - 50% of the voting rights of the Group's overall voting power, where the Group has significant influence without any controlling power over the operations. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in its joint ventures; unrealized losses are also eliminated if there is no indication of the assets transferred. Unrealized gains arising from the transactions with the Group and its associates are written off proportionally as the Group's interest whereas unrealized losses are written off when there is no indication of impairment of the transferred asset. Increases or decreases in the net assets of associates are increased or decreased proportionally as the Group's share in the consolidated financial statements and presented under the "Share of loss on investments accounted for by using the equity method" account in the statement of income.

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(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)

2.1.3 Consolidation principles (Continued)

(c) Interests in Associates (Continued)

Where the investment's share of losses exceeds the Group's share (including any long-term investments that, in substance, form part of the Group's net investment in the associate), the exceeding portion of losses are not recognized. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. 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. Equity method is not applied when the carrying amount of the investment in a joint venture reaches zero to the extent that the Group assumes no liabilities or obligations or in respect of the joint venture or the Group has no significant influence over the related joint venture. The carrying amount of the investment when the Group loses its significant influence over the investment is then carried at cost.

(d) 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 balance sheet and statement of income.

(e) 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 in the consolidated balance sheet 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

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. In order to maintain consistency, with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has reclassified its prior period financial statements in order to comply with the presentation of its current period consolidated financial statements. The nature, amount and reason for the reclassifications are described below:

- Marketing, sales and distribution expenses amounting to TL 9.651 is shown by offsetting against the sales revenue.
- Net loss from discontinued operations decrease by TL 3.113 as a result of the offsetting of provisions subsequent to the date of sale till the end of the balance sheet date in comparison to the amount previously reported.

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

2.1.5 Comparative information (continued)

- Tax assets recognized in "other current assets" amounting to TL 3.597 is shown by offsetting against deferred tax liabilities.
- "Income from scrap sales" which was presented under "Other Income" amounting to TL 2.843 is reclassified to "Revenue".
- "Social Security Insurance Premium Discount" which was presented under "Other Income" amounting to TL 529 is presented by offsetting against administrative expenses and sales and marketing expenses.
- "Deposits with maturity of more than 3 months" presented under "Other Current Assets" amounting to TL 199 in 31 December 2011 report is reclassified to "Cash and Cash Equivalents", inadvertently.
- "Pos Service Fees" presented under "Finance Expenses" amounting to TL 4.228 is reclassified to "Marketing, Sales and Distribution Expenses".
- Advances given to TEİAŞ which was presented under "Tangible Assets" amounting to TRY 17.156 is reclassified to "Other non-current assets".
- Unrealized foreign currency loss on financial borrowings which was presented under "Repayment on financial borrowings" at statement of cash flow amounting TL 1.942 is presented under "Net cash used in operating activities" as separate line.
- Restricted profit reserves account has been decreased by TL 268.390, share premiums have been increased by TL 1.732 and accumulated losses have also been decreased by the same amount for the purposes of providing compliance with statutory records.

The reclassifications made in the current period has no effect on consolidated net profit for the period and prior year's profit/(loss).

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 adoption of a new IAS/IFRS are applied retrospectively or prospectively in accordance with the respective IASs/IFRSs 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.

With the decision taken as a result of the assessment made by the Group management, the Group management decided to present their investment properties from fair values which were previously carried at cost less accumulated depreciation under the cost method less impairment charges, if any in the consolidated financial statements. In accordance with "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8"), the Group has reflected the impacts of this adoption and restated its consolidated financial statements accordingly starting from 1 January 2010. As a result of this amendment, the investment properties of the Group have increased by TL 42.437 (31 December 2010: TL 38.508); effect of this amendment to the shareholders' equity and net loss for the period of the Group is TL 30.829 (31 December 2010: TL 27.420) and TL 3.409 (31 December 2010: TL 27.420) respectively. The account based detail of the above mentioned amendment in the accounting policy are as follows as of 31 December 2011 and 2010:

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(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)**2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements (continued)****31 December 2011**

	Previously reported	Fair value adjustments⁽¹⁾	Restated
Investment property	148.601	42.437	191.038
Property, plant and equipment ⁽¹⁾	1.200.489	1.572	1.202.061
Deferred tax liability (net)	134.753	3.206	137.959
Accumulated losses	(44.937)	27.420	(17.517)
Net gain/(loss) for the period	(757.144)	3.409	(753.735)
Non-controlling interests	812.031	9.974	822.005
Other operating income	92.131	7.418	99.549
Other operating expenses (-)	(1.212.800)	(603)	(1.213.403)
Deferred tax (expense)/income	(13.364)	(1.673)	(15.037)
Net gain/(loss) for the period	(967.316)	5.142	(962.174)
Non-controlling interests	(210.172)	1.733	(208.439)
Attributable to equity holders of the Parent Company	(757.144)	3.409	(753.735)

⁽¹⁾ Adjustment amounting to TL 1.572 observed in property, plant and equipment is related with the transfer made from investment properties.

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

2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements (continued)

31 December 2010

	Previously reported	Fair value adjustments ⁽¹⁾	Restated
Investment property	136.970	38.508	175.478
Property, plant and equipment	934.160	(1.314)	932.846
Deferred tax liability (net)	128.090	1.533	129.623
Accumulated losses	173.975	-	173.975
Net gain/(loss) for the period	656.204	27.420	683.624
Non-controlling interests	756.498	8.241	764.739

Also, the Group has started to capitalize subscriber acquisition costs in the current period. Subscriber acquisition costs paid by D-smart are capitalized over the subscription commitment period beginning from 1 January 2012 and capitalized amounts are recognized under intangible assets account.

Current depreciation expenses after extended useful lives of vehicles which belongs to Milta Turizm A.Ş. are accounted prospectively starting from the current period. Result of estimation changes depreciation expense of tangible assets is decreased amounting TRY 5.392 in current period than prior period.

The preparation of consolidated financial statements require the use of estimations and assumptions that may have an effect over the assets and liabilities reported at the balance sheet date, contingent assets and liabilities disclosures and income and expenses reported during the accounting period. The estimates and assumptions are based on the best available information on the current circumstances and operations; however, they may differ from the actual results. If changes in accounting estimates only relate to one period, the change is reflected in the current period in which the change is made, if they relate to future periods, the change is both reflected in the current period in which the change is made and prospectively for future periods.

Except for those used in the actuarial calculation of employment termination benefits calculated by an actuarial company (Note 2.1.7) and capitalization of subscriber acquisition costs and investment properties carried at fair value, significant accounting policies and accounting estimates applied in the current period are consistent with accounting policies and accounting estimates applied in the preparation of consolidated financial statements for the period ended as of December 31, 2011.

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

2.1.7 *New and Revised International Financial Reporting Standards:*

The following new and revised standards and interpretations below are applied by the Group and have affected the reported amounts and disclosures in the consolidated financial statements. However, the details of standards and interpretations effective in the current period but have no effect on the financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

(a) **Standards effective from 1 January 2012 but have no effect on the financial statements of the Group**

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
IAS 12 (Amendments)	Deferred Taxes – Recovery of Underlying Assets

(b) **New and Revised Standards and Interpretations not yet effective and have not been early adopted by the Group**

IAS 1(Amendments)	<i>Presentation of Items of Other Comprehensive Income</i>
IAS 1(Amendments)	<i>Clarification of the Requirements for Comparative Information</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements(1)</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>
IFRS 7 (Amendments)	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
IFRS 9 ve IFRS 7 (Amendments)	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
IFRS 10, IFRS 11 ⁽¹⁾ ve IFRS 12 (Amendments)	<i>Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide</i>
IAS 1(Amendments)	<i>Presentation of Items of Other Comprehensive Income</i>
IFRS 27 (2011)	<i>Separate Financial Statements</i>
IFRS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
IFRS 32 (Amendments)	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1</i>
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

The above standards will be applicable for 2013 and the following years, and the Group has not had an opportunity to consider the potential impact of the application of these standards, except IFRS 11, over its financial statements but above-mentioned differences are expected not to have any significant impact on the financial statements.

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

2.1.7 *New and Revised International Financial Reporting Standards (Continued):*

(1) Prepare their consolidated financial statements in accordance with IFRS firms, select to recognition of joint ventures proportionate consolidation method or the equity method. IFRS 11 "Joint Arrangements" Standard of the joint ventures requires accounting for the consolidated financial statements using the equity method will be effective from 1 January 2013. In this context, the Group consolidated financial statements of 31 December 2012 on the early applied the standard and included in the scope of consolidation of all business partnership (joint ventures) were accounted by the equity method, the Group's 2012 year-end, approximately 15% of total consolidated assets (2011: 11%), total consolidated revenue for continuing operations of approximately 1% (2011: 2%) decrease. On the other hand, the total shareholders' equity and net income will remain the same.

(c) **New and Revised Standards and Interpretations not yet effective and have been early adopted by the Group**

IAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. In 2012, the Group has decided to early adopt the amendments to IAS 19 which is applicable as of 1 January 2013. As stated in Note 2.1.6 "Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements", all actuarial gains and losses are recognized in other comprehensive income for the fair presentation of plan deficit or surplus of net retirement asset or liability presented in consolidated balance sheet. Amendments to IAS 19 are required to be applied retrospectively. Accordingly, the Group management has evaluated the effect of changes in accounting policies to financial statements prepared for the period as of 31 December 2011 and decided that restatement of prior financial statements are not needed as calculated effects after tax are below the materiality level.

2.1.8 US dollar convenience translation

US dollar ("USD") amounts shown 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 1,7826 = USD 1,00 on 31 December 2012. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB. 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.

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

2.1 Summary of Significant Accounting Policies

Related parties

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding 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 affiliates, 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 31).

Cash and cash equivalents

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

Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income. 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. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 9).

Provision is allocated for receivables when the Group has an objective indication over the collectability. 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 income following the write-down of the total provision amount (Note 25).

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

2.2 Summary of Significant Accounting Policies (continued)

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 purchase 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 income 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 purchase date into consideration.

Programme stocks

Programme stocks comprise internal and external productions that have been produced but not yet broadcasted as of the report date. Programme stocks are recognised at acquisition or production cost and they are not subject to amortization. These programmes are charged to the income statement upon the first transmission and included in cost of sales in the consolidated statement of income (Note 24). If the estimated income from programme stocks is lower than the carrying value, carrying value is discounted to net realizable value.

Financial instruments

In accordance with IAS 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 balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in "financial income / expenses". Dividends received, are recognized as dividend income in the consolidated statement of income. Financial assets considered as derivative instruments that are not designated for the purpose of hedging instruments are classified as financial assets at fair value thorough profit or loss.

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

2.2 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

"*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'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 recognized in profit or loss when the Group's right to receive payment is established.

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

"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.

Derivative financial instruments

Derivative forward instruments, predominantly foreign currency and interest swap agreements and foreign currency forward agreements are initially recognised at their historical 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 respectively (Note 7 and 8).

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

While certain derivatives provide effective hedge relationships, they are recognised as financial assets through profit or loss in accordance with IAS 39 and their fair value gains and losses are reported in the statement of income.

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

2.2 Summary of Significant Accounting Policies (continued)

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects the market conditions. 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. As of 31 December 2012, the Group decided to adopt fair value method for their investment properties which were previously accounted under the cost method and restated its financial statements according to IAS 8 as explained in Note 2.1.6 “Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements”.

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

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

Property, plant and equipment and related depreciation

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

Useful life and depreciation are reviewed regularly and the Group also reviews the consistency of the useful life and depreciation method applied with the economic benefits to be obtained from the underlying assets.

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

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

2.2 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and related depreciation (continued)

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.

Repair and maintenance expenses are charged to the consolidated statement of income 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.

Construction in progress is made for the production of electrical energy are classified under tangible fixed assets. Below the followings are cost elements of it:

- After deduction of discounts, including import duties and non-refundable purchase taxes, purchase price.
- Enhancing the asset capable of operating in the manner intended by management, and any costs will be placed on the ground.
- Directly related to the construction of tangible assets arising from employee benefits or costs of the acquisition.
- Costs related to the preparation of the ground.
- Costs associated with the first delivery.
- Installation and assembly costs.
- Professional fees.
- General administrative expenses related to acquisition or construction of tangible fixed asset.
- Finance costs can be added to the cost of the tangible asset under IAS 23 "Borrowing Costs".
- Expropriation carried out for the construction of the dam.

Financial Leases

Leases are classified as finance leases by the Group whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised 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. Lease payments are treated as consisting of capital and interest. Principal lease payments are treated as liabilities and reduced with their payments. Interest charges are charged directly against income statement over the financial lease period. Assets acquired through finance leases are depreciated over the shorter of expected useful life and the lease term, as well as tangible assets acquired.

Operating Lease

Leases are classified as operating leases when a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made for operating leases (net of any incentives received from the lessor) are charged on a straight line basis to the consolidated income statement as expense.

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

2.2 Summary of Significant Accounting Policies (continued)

Goodwill

Goodwill and negative goodwill amount, which represents the difference between the purchase price and the fair value of the acquiree's net assets, arising from business combinations effected prior to 30 June 2004 in the consolidated financial statements is capitalized and amortized over the useful life by using the straight-line method prior to 31 December 2004. Goodwill arising from business combinations effected subsequent to 31 March 2004 is not amortized and instead reviewed for any impairment losses in accordance with IFRS 3 Business Combinations (Note 15).

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are 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 the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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 relationships 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 annually (Note 14).

Registered subscriber acquisition costs paid by D-smart are capitalized over the subscription commitment period by the Group beginning from 1 January 2012 and capitalized amounts are recognized under intangible assets account. Weighted average term for subscription acquisition costs is 2 years.

Intangible assets are carried at cost, less any accumulated amortization and amortized by using the straight-line method (Note 14).

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

	<u>Years</u>
Trademark	20 - 25
Electricity generation licence	45 - 47
Customer lists	9 - 18
Computer software and rights	3 - 15
Domain names	3 - 20
Other intangible rights	5

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 recoverable amount of an intangible asset is the higher of its fair value less costs to sell and its value in use. Provision for impairment is recognized under the statement of income in the related period.

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

2.2 Summary of Significant Accounting Policies (continued)

Intangible assets and related amortization (continued)

Group's subsidiaries of Milta Turizm, held by the Privatization Administration the right to use the marina on November 13, 1997 due to the transfer agreement are being amortized over 49 years (Note 14).

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 14). Following the planning phase and operation; all costs are recognised as expense. Maintenance costs of web pages are accounted as operational expenses.

Television program rights

Television program 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 program rights are evaluated to determine if expected revenues are sufficient to cover the unconsumed portion of the program. To the extent that expected revenues are insufficient, the program 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 are reviewed regularly by the management. A maximum of 5 runs is applied for the unlimited run purchases.

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

At each balance sheet 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 income.

Taxation on income

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 balance sheet date and includes adjustments related to previous year's tax liabilities. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, tax provisions, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

2.2 Summary of Significant Accounting Policies (continued)

Taxation on income (continued)

Deferred income tax is provided, using the liability method, on temporary differences arising between the 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 balance sheet 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 recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 related to income taxes levied by the same taxation authority (Note 29).

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 income statement 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 (Note 14).

The Group capitalized the real part of cost of borrowings in connection with ongoing electric power plant projects in Aslancık Elektrik, Boyabat Elektrik, Akdeniz Elektrik and Galata Wind in accordance with IAS 23 for the years 2012 and 2011. Other borrowing costs for the period were recognized in the income statement.

Financial liabilities subject to non-controlling put options

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. IAS 32, "Financial Instruments: Disclosure and Presentation" requires the value of such put option to be presented as a financial liability on the balance sheet 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 balance sheet. 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 the income statement as finance income or expense in subsequent periods (Note 8).

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

2.2 Summary of Significant Accounting Policies (continued)

Employment termination benefits

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

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 19).

The Group has decided to early adopt the amendment in IAS 19 (Note 2.1.7) in 2012 which will be effective starting from 1 January 2013, and calculated employment benefit from the report prepared by the actuarial firm and recognized all actuarial loss and gains in othe comprehensive income.

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 on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with 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.

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.

Commercial bonds

Bonds at the time of being issued or purchased are recognized initially at their acquisition value minus the transaction costs incurred during issuance or purchase. Bonds are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the consolidated income statement over the period of the bond (Note 7, 9).

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.

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition

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

a) Media and Retail segment

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 is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably or when there is an inflow of economic benefits. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services (Note 22).

Revenues from television, newspapers, magazines and other 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 balance sheet.

Revenues from newspaper and 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.

Returns on magazine sales and provisions:

Provision for returns on magazine sales are the provisions provided to reflect the sales income based on matching principle by using statistical data for the previous period, field sales data, etc. when return invoices are not issued although returns are taken off from the market or the issue of magazine period is not expired.

Revenues from printing services

Revenues from printing arise 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.

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Other revenues

Interest income is recognised on a time proportion basis and income accrual is ascertained by taking effective interest rate and remaining maturity into account.

Rent income and other income are recognised on an accrual basis.

b) Other segment

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

Difference between sales price's nominal value and fair value is recorded as "financial income" at relevant period.

Service revenue and other revenue are recognized on an accrual basis over the fair value of acquisition amount based on rendering service or realization of factors related to revenue, transfer of significant risks and rewards, reliable estimate of revenue amount and most probability that economic benefits associated with the transaction will be obtained by the Company.

Housing construction projects related to the customer

The revenue generated from the housing construction projects is recognized when the ownership of the risks and rewards of the assets are transferred to the buyer upon the performance of contract terms and the approval of delivery record by the buyer.

Housing construction projects related to the landowner

The Group has entered in to a Landownership agreement ("LOA") in the Milpark project. In accordance with the agreement, the Group commits to develop real estate projects on lands that are owned by the landowner and in return for the land transfer the ownership of the pre-agreed ratio of the constructed assets to the landowner. For landownership agreements, the value of land transferred to Milpa is carried at fair value at the date of agreement and when Milpa meets all of its contractual liabilities and all risks and rewards of the ownership of the assets are transferred to the landowner following the approval of the delivery notice by the landowner, revenue is recognised as the sale profit obtained from the landowner. Landowner's share of the termination of the contract was transferred on 16 May 2012.

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Credit finance income/expense

Credit finance income/expense represents income/expense incurred from forward purchases and sales. These forms of incomes/expenses are accepted as finance incomes/expenses obtained from forward purchases and sales during the period and included to financial income/expense (Note 26 and 27).

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 with the measurement of the revenue reliably, revenue is recognized.

Energy revenues

Revenue is the fair value of amount of electricity delivered the event that the consideration received or receivable. Revenue are 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.

Other revenues

Group's joint venture DD Konut Finansman recognizes its interest incomes and expenses on accrual basis using internal rate of return method. Interest incomes are canceled when the management decides that loans and advances given to customers can not be reimbursed and rediscount amounts that have been recorded up to that date is canceled and is not recorded as revenue until collection is made.

Interest income is recognised on a time proportion basis and income accrual is ascertained by taking effective interest rate and remaining maturity into account.

Dividend income obtained from share investments is recognized when the right of shareholders to receive dividend arises.

Rent income and other income are recognised on an accrual basis.

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.

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

2.2 Summary of Significant Accounting Policies (continued)

Business combinations

Business combinations are accounted in accordance with IFRS 3. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with comprehensive income statement. Goodwill recognised in a business combination is not amortized, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 3). There are no business combinations that have significant effect over the financial statements for the period ended 31 December 2012 except for Eko TV ,Galta Wind and Akdeniz Elektrik combination explained in Note 3.

Gains or losses resulted from 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. IAS 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 do not result in a change in control was recognised as goodwill.

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 balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of income.

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 balance sheet 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 recognized under total comprehensive income.

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

2.2 Summary of Significant Accounting Policies (continued)

Foreign currency transactions (continued)

A significant portion of the Group's foreign operations are performed in Russia, Europe and Slovenia ("Russia and Eastern Europe ("EE")). Foreign currencies and exchange rates at 31 December 2012 and 31 December 2011 are summarized below:

Country	Currency unit	31 December 2012	31 December 2011
Euro zone	Euro	2,3517	2,4438
Russia	Ruble	0,0587	0,0587
Hungary	Forint	0,0081	0,0078
Croatia	Kuna	0,3113	0,3246
Ukraine	Grivna	0,2230	0,2364
Romania	New Lei	0,5319	0,5677
Kazakhstan	Tenge	0,0118	0,0127
Belarus	Belarusian Ruble	0,0002	0,0002

Segment reporting

In accordance with IFRS 8 "Operating Segments" standard, the Group arranged industrial segments' reporting as parallel with the reporting made to Group's decision-making authorities. Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. Group operations were monitored and reported as three main segments; "Media", "Retail" and "Other" by the management. 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.

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

Earning/ (loss) per share

Earning/ (loss) per share are determined by dividing net income/ (loss) by the weighted average number of shares that have been outstanding during the period concerned (Note 30).

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. Accordingly, weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares.

Discontinued operations

Discontinued operations are components of an entity that either have been disposed of or represent 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 income statement. Prior period consolidated income statement is adjusted for comparative purposes and the results of discontinued operations are also classified under the "discontinued operations" account (Note 28). The Group has no discontinued operations for the period ended as of 31 December 2012.

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

2.2 Summary of Significant Accounting Policies (continued)

Discontinued operations (continued)

The results of discontinued operations also include profit/ (loss) from the related operation's sale proceed and related tax expenses. Profit/ (loss) from the sale proceed is calculated as the difference between the carrying amount of net assets disposed of and sale price.

Non-current assets held for sale

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 28).

Government grants

Government grants are not recognised 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 recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has received the investment incentive certificate regarding the modernization of its property that is used in its media operations and it is exempt from the Customs Duty and VAT.

Subsequent events

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

In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statements.

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 media and other sales operations.

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.

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

2.3 Critical Accounting Estimates and Assumptions

2.3.1 Critical accounting estimates and assumptions

a) Estimated impairment of goodwill

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.

Hürriyet, one of the subsidiaries of the Group, has performed goodwill impairment analysis in the context explained below for the periods ended 31 December 2012 and 2011.

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 (budgeted interest, tax, depreciation and amortization, provision for impairment and gross margin before other non-operating expenses) have a significant role in these calculations.

The EBITDA margin and discount rates used for the cash flows after five-year period are listed below:

	EBITDA margin%	Discount rate%
TME	18,8	11,8

Hürriyet, one of the subsidiaries of the Group, has booked a provision for impairment on goodwill amounting to TL 18.106 (31 December 2011: TL 103.858) (Note 15). No impairment has been booked for intangible assets (31 December 2011: TL 9.157) (Note 14).

If the discount rate applied to cash flow projections for the cash-generating units after tax is 1% more than the estimates of the Group management, additional impairment amounting to TL 51.648 (31 December 2011: TL 62.634 for the goodwill related with TME and intangible assets) would be recognized in the financial statements and profit before tax and non-controlling interests would decrease by TL 51.648 (31 December 2011: TL 62.634) in return.

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 recognized in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon ve Alp Görsel 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 recognized in the statutory records of D Yapım, Doğan Prodüksiyon and Alp Görsel, respectively.

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

2.3 Critical Accounting Estimates and Assumptions (Continued)

2.3.1. Critical accounting estimates and assumptions (Continued)

Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognize 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 recognized in the statement of income in the respective periods (Note 25).

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

Doğan Yayın Holding sold 90.854.185 shares ("Axel shares"), 25% of the issued capital of Doğan TV Holding, to Commerz-Film GmbH (formerly registered as Dreiundvierzigste Media Vermögensverwaltungsgesellschaft mbH), a 100% subsidiary of Axel Springer AG, for EUR 375.000 (TL 694.312, this amount is defined as "initial sales price") on 2 January 2007. In accordance with the Share Sale Agreement ("Agreement") that the initial sales price will be revised depending on the "initial public offering" ("IPO") of the shares of Doğan TV Holding if available.

Dates for the reassessment of the original selling price as set out in the agreement signed by Doğan Holding, Doğan Yayın Holding, Doğan TV Holding and Commerz-Film GmbH on 19 November 2009 have been postponed for a maximum period of 6 years without being subject to any condition. The related agreement dated 19 November 2009, was amended by a new agreement (Amendment agreement) signed with Doğan Holding, Doğan Yayın Holding, Doğan TV Holding, Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH at 31 October 2011.

Certain terms of the agreement dated 19 November 2009 as detailed below are effective as of 19 February 2010.

- Axel Springer Group has sale options for 3,3% of its shares in Doğan TV Holding amounting to EUR 50.000 subsequent to January 2013 and the other 3,3% of its shares amounting to EUR 50.000 subsequent to January 2014 to Doğan Holding and Doğan Holding has the commitment to purchase these shares ("DTV Put Option I"). Axel Springer Group may exercise the sale options fully or partially.

Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. Under the amendment agreement dated 31 October 2011, existing DTV Put Option I terms are revised and accordingly, the related terms require the put options exercisable for the periods subsequent to January 2013 and January 2014 in consideration of EUR 50.000 to cover only 33.843.238 (exact) shares in each period. The Amendment also allows Axel Springer another put option exercisable for 34.183.593 (exact) shares for the period subsequent to 2015 in consideration of EUR 50.000.

- According to the agreement dated 19 November 2009, Axel Springer Group has option to sell some or all of "Axel shares" with the higher of EUR 4,1275 (exact) per share or a fair value to be determined by specific valuation techniques to Doğan Holding and Doğan Holding has a commitment to purchase these shares ("DTV Put Option II"). Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. In order to exercise this option, the following conditions must be met.

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

2.3 Critical Accounting Estimates and Assumptions (Continued)

2.3.1. Critical accounting estimates and assumptions (Continued)

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

- Doğan TV Holding shares should not be offered to the public by 30 June 2017,
- There should be direct or indirect control change over Doğan Holding, Doğan Yayın Holding or Doğan TV Holding,
- There should be pledges or sequestration on the Doğan Yayın Holding's assets that have significant unfavorable effects on the operations of Doğan Yayın Holding in addition to the existing ones.

This time, with the amendment agreement dated 31 October 2011, EUR 4,1275 (exact) per share is updated as EUR 1,46269 (exact) because of the increase in the share capital of Doğan TV.

As per the amendment agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as at 10 February 2012. In addition, a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares were given in the same period to be used as of January 2015.

EUR 375.000, which is defined above as the initial sale price, can be amended based on the circumstances explained below. As per the agreement, the initial sale price may be subject to revision as the following depending on the "initial public offering" of Axel shares.

In the event that Axel shares are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is less than the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined 12 months Euro Libor as of 2 January 2007), both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group.

In the event that Axel shares are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is higher than the original selling price, both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined 12 months Euro Libor as of 2 January 2007) to the original selling price would be equally shared between the Axel Springer Group and Doğan Yayın Holding.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

2.3 Critical Accounting Estimates, Assumptions and Judgments (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

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

In the event that Axel shares are not offered to public by 30 June 2017 and if the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, is less than the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined 12 months Euro Libor as of 2 January 2007) to the original selling price, both the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, and the difference of the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group. If Doğan TV Holding's shares are not listed by the end of 30 June 2017, the fair value based on the above-mentioned techniques would be reassessed, payments would be made to the Axel Springer Group in accordance with the related calculations, and Axel Springer Group's call option of its entire or some portion of its shares to Doğan Holding and Doğan Holding's put option for the related shares would continue to be in effect.

In the event that Axel Springer group shares are offered to the public between 30 June 2017 and 30 June 2020, any positive difference between the initial public offering value and the initial sales price remeasured as of 31 December 2015 (it will be remeasured using the annual 12 months Euro Libor rates on annual compound basis starting from 2 January 2007) including interest calculated from the difference (it will be calculated using the annual Euro Libor rates on annual compound basis effective from 1 July 2017) will be apportioned equally, whereas no transaction will take place for any negative difference.

In accordance with the agreement signed on 19 November 2009, Doğan Yayın Holding shall make a TL cash capital increase in Doğan TV Holding that corresponds to EUR 385.000, and as a result of the capital increase, Doğan TV Holding shares owned by Commerz-Film GmbH shall be diluted to 19,9% from 25%. In January 2010 and May 2010, the premium capital increase of Doğan TV Holding, was completed in two steps. As a result of the capital increase, the shares of Doğan Yayın Holding and Commerz-Film GmbH at Doğan TV Holding were 79,71% and 19,9% respectively.

To measure fair value in order to see whether the Group would assume any financial liability in relation to the above transaction., cash flow projections in relation to periods covering 2013-2017 are prepared for Doğan TV Holding and the fair value of Doğan TV Holding has been calculated by discounting the above mentioned cash flow statements. Valuation projections are prepared for a 5 year-budget period.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

2.3 Critical Accounting Estimates, Assumptions and Judgments (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

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

The critical estimates and assumptions related to cash flow projections prepared in TL within the scope of fair value determinations of Doğan TV are explained below.

	2013 - 2017					
Revenue increase in the budgeted period ⁽¹⁾	16,59%					
	2012	2013	2014	2015	2016	2017
EBITDA margin ⁽²⁾	16%	19%	26%	28%	30%	32%

⁽¹⁾ Compound annual growth rate (CAGR – compound annual growth rate)

⁽²⁾ Earnings before interest, taxes, depreciation and amortization

Cash flow projections are discounted with 14% as the by rate of weighted average cost of capital (WACC).

In accordance with the fair value calculated using the discount rates and cash flow projections mentioned above, there are not any financial liabilities arising from the Axel share acquisition, which represents 19,9% of Doğan TV Holding's capital, by the Axel Springer Group.

The Group is also responsible for any unprovisioned liability arising from tax assessments prior to the closing date of sale agreement as required in the Axel share acquisition and transfer "Agreement". The effect of liability arising from Law no: 6111 in regards to Doğan TV Holding over the share value is compensated in proportion to the share capital to Commerz-Film GmbH. In this content, the payment made to Commerz-Film GmbH amounts to TL 165.523. The related payment has been made on 17 August 2011. Accordingly, Commerz-Film GmbH has participated in the capital increase of Doğan TV Holding from TL 456.554 to TL 1.288.328 through the usage of nominal values in the new share acquisition rights in the share of participation at nominal value. The capital increase has been registered on August 17, 2011. The share interest of Commerz-Film GmbH in Doğan TV Holding (19,9%) have remained still after the capital increase. Accordingly, the Group has indemnified TL 165.523 of liability arising from Doğan TV Holding A.Ş. and its subsidiaries' undue and on trial tax liabilities in dispute under Law No: 6111 which represents the portion corresponding to Axel Springer Group's current ownership percentage (19,9%). The related liability portion is not recognized under the non-controlling interests account in the accompanying financial statements prepared as of 31 December 2011.

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NOT 2 - FİNANSAL TABLOLARIN SUNUMUNA İLİŞKİN ESASLAR (Devamı)

2.3.1 Critical accounting estimates and assumptions (Continued)

d) *Useful lives of intangible assets*

Useful lives of some trademarks are expected to be infinite by the Group management. Where useful lives of related intangible assets are infinite (in case of 20 years), amortization of such intangible assets' would increase by TL 13.468 (31 December 2011: TL 14.119) and profit before tax and non-controlling interests would decrease by TL 13.468 (31 December 2011: TL 14.119).

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

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

- if useful lives were 10% higher, amortization would decrease by TL 1.224 and profit before tax and non-controlling interests would increase by TL 1.224 (31 December 2011: TL 1.816); or
- if useful lives were 10% lower, amortization would increase by TL 1.496 and profit before tax and non-controlling interests would decrease by TL 1.496 (31 December 2011: TL 2.219).

2.3.2 Critical accounting judgments

Prepaid phone card (prepaid minutes) sales related with mobile telecommunication services and newspaper and magazine 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 evaluated 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 and magazines from suppliers and sells them to its dealers through its distribution network. The Group returns unsold newspapers and magazines from dealers to the original supplier. General inventory risk is about approximately a week for newspaper and magazine sales,
- The Group has the collection risk associated with the transaction.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 3 – BUSINESS COMBINATIONS

Akdeniz Elektrik Üretim A.Ş.- Galata Wind Enerji Anonim Şirketi A.Ş.

As at 29 May 2012, Doğan Enerji, one of the subsidiaries of the Group has entered into share transfer agreement with Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş., Ali İbrahimağaoğlu, Hüseyin Avni İbrahimağaoğlu, Alican İbrahimağaoğlu and Hakkı İbrahimağaoğlu (all together referred to as "Vendors") in relation to the share acquisition and transfer of Akdeniz Elektrik Üretim A.Ş. ("Akdeniz Elektrik") having Mersin Wind Power Plant (Mut/Mersin) with 33 MWe installed capacity (having an additional capacity of 9 MWm) and Galata Wind Enerji Anonim Şirketi ("Galata Wind") having Şah Wind Power Plant (Bandırma/Balıkesir) with 93 MWe installed capacity (having an additional capacity of 12 MWm).

Share acquisition price is negotiated between the parties and determined as EUR 240.000.000 for the related companies (For Akdeniz Elektrik Üretim A.Ş., the price is determined as EUR 68.571.429 (exact) and for Galata Wind Enerji Limited Şirketi, the price is determined as EUR 171.428.571 (exact)). Share acquisition is settled in advance and in cash at the closing date, less any payables to banks to be adjusted as of the closing date (amounting to EUR 72.106.798(exact)) and miscellaneous payments (amounting to EUR 13.513.500 (exact), such as; "turbine cost"). As of the agreement sign date, EUR 50.000.000 (exact) of advance is paid to "Vendors" in consideration of the share acquisition and transfer. In addition, transferred companies' due to shareholders to be adjusted as of the closing date which are subject to deduction over the Company value (EUR 16.474.523,98 (exact)) and additional capacity increase construction costs (EUR 474.576,27 (exact)) are also paid to the vendors. Accordingly, total consideration paid to vendors as of the share transfer ("closing") date (27 June 2012) amounts to EUR 137.430.601(exact).

Share transfer process is completed on 27 June 2012 subsequent to obtaining the required approvals and licenses and TL 310.456 (EUR 137.430.601 (exact)) is paid to the vendors as of 28 June 2012.

In accordance with IFRS 3 Business Combinations ("IFRS 3"), the purchase method accounting is necessary to do work to determine the fair value of the identifiable assets and liabilities as a result of the purchase price of this work of tangible and intangible assets to be distributed work ("Purchase allocating the cost of work ") as of the date the report concluded. Due to the difference between fair value of acquired net assets and purchase price of Akdeniz Elektrik and Galata Wind is below the materiality threshold, directly associated with energy production licenses. Positive or negative goodwill have not been recognized to the records.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 3 – BUSINESS COMBINATIONS (continued)

Akdeniz Elektrik Üretim A.Ş.- Galata Wind Enerji Anonim Şirketi A.Ş. (continued)

The acquired assets and liabilities of Akdeniz and Galata as of 27 June 2012, the fair value adjustments which is context of the purchase price allocation study are as follows:

	Akdeniz			Galata			Total
	Net Book Value	Fair Value Adjustment	Fair Value	Net Book Value	Fair Value Adjustment	Fair Value	
Current assets							
Cash and cash equivalents	1.105	-	1.105	2.268	-	2.268	3.373
Trade and other receivables	2.985	-	2.985	5.568	-	5.568	8.553
Other current assets	222	-	222	938	-	938	1.160
Non current assets							
Trade and other receivables	1.683	-	1.683	6.166	-	6.166	7.849
Property, plant and equipment	72.102	(16.869)	55.233	172.303	(24.880)	147.423	202.656
Intangible assets	16	-	16	22	-	22	38
Electricity generation licenses	-	98.628	98.628	-	256.417	256.417	355.045
Other non current assets	1.586	-	1.586	2.015	-	2.015	3.601
Deferred tax assets	550	-	550	3.606	-	3.606	4.156
Short term liabilities							
Financial payables	(7.777)	-	(7.777)	(20.592)	-	(20.592)	(28.369)
Trade payables	(1.430)	-	(1.430)	(2.914)	-	(2.914)	(4.344)
Payables to shareholders	(33.080)	-	(33.080)	(4.211)	-	(4.211)	(37.291)
Other short term liabilities	(2.023)	-	(2.023)	(4.679)	-	(4.679)	(6.702)
Long term liabilities							
Long term financial payables	(32.754)	-	(32.754)	(103.767)	-	(103.767)	(136.521)
Other long term liabilities	(50)	-	(50)	(39)	-	(39)	(89)
Deferred tax liabilities	-	(16.352)	(16.352)	-	(46.307)	(46.307)	(62.659)
	3.135	65.407	68.542	56.684	185.230	241.914	310.456

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 3 – BUSINESS COMBINATIONS (continued)

Net amount paid at purchase of subsidiaries:

	Akdeniz	Galata	Total
Cash paid	68.542	241.914	310.456
Cash and cash equivalents of purchased firms (-)	(1.105)	(2.268)	(3.373)
Net cash outflow	67.437	239.646	307.083

Effects of acquisition over the Group's financial results

The Group has recognized TL 9.053 of profit (comprising of TL 1.262 of profit in relation to Akdeniz Elektrik and TL 7.791 of profit in relation to Galata Wind) in its consolidated financial statements due to the acquisition of Akdeniz Elektrik and Galata Wind. As of 31 December 2012, Akdeniz Elektrik and Galata Wind's interest in the Group's consolidated sales income amounts to TL 10.440 and TL 33.742, respectively. These amounts represent the operating results for the period between the closing date (27 June 2012) and 31 December 2012, which is the issuance of the financial statements.

If the above acquisition were completed as at 1 January 2012, the Group's sales income from ongoing operations would be more TL 28.504 and net profit for the period from ongoing operations would be more TL 11.356.

Doğan TV Holding - Eko TV

Doğan TV Holding has terminated Eko TV joint venture agreement signed with Turner as of 14 June 2012 without any compensation. Following the termination, Eko TV has been accounted as a subsidiary and ceased to be a joint venture of the Group as at 1 July 2013 without any compensation transfer. IFRS 3 requires acquirers to remeasure its previously held equity interest at fair value and recognize the resulting gain or loss, if any, in profit or loss. The Group has completed the remeasurement procedures of Eko TV shares as of 31 December 2012. The details of the remeasurement are summarized below:

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NOTE 3 – BUSINESS COMBINATIONS (continued)

30 June 2012

Cash and cash equivalents	110
Current assets	16.668
Non-current assets	365
Current liabilities	(3.222)
Group's share in net assets before acquisition	13.921
Goodwill recognized before acquisition	33.881
Total carrying amount before remeasurement	47.802
Total fair value of net assets of Eko TV	59.475
Group's ownership rate	%75,03
Fair value of net assets attributed to the Group	44.630
Decrease in carrying amount after remeasurement recognised as other expense	3.172

Also, the Group has completed the purchase of 19,98% shares of Eko TV as of 6 September 2012 for a consideration of 4.331 TL. After these transactions, the share and voting rights of the Group in Eko TV increased to 57,43%. TL 624 loss as a result of this transaction is journalized in equity in accordance with IAS 27 (revised)

NOTE 4 – JOINT VENTURES

Joint ventures of Doğan Holding, registered countries, nature of their businesses and business and geographic segments are summarized as follows:

Joint Venture	Country	Nature of Business Segment		Entrepreneurial Partner
ASPM Holding B.V.	The Netherlands	Internet publishing	Media	Autoscout24 GmbH
OOO Autoscout24	Russia	Internet publishing	Media	Autoscout24 GmbH
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Media	Burda GmbH
DB Popüler Dergiler Yayıncılık A.Ş. ("DB Popüler")	Turkey	Magazine printing	Media	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Media	Egmont
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Media	Burda GmbH
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Media	Koç Holding A.Ş.
Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti. ("Birey İK")	Turkey	Internet services	Media	Doğan Portal and Elektronik Ticaret A.Ş.
Katalog Yayın ve Tanıtım Hizmetleri A.Ş. ("Katalog")	Turkey	Guide publishing	Media	Seat Pagine Gialle SPA
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	Turkey	Internet publishing	Media	Tweege Holdings LP.
DD Konut Finansman A.Ş. ("DD Konut Finansman")	Turkey	Housing finance	Other	Deutsche Bank AG
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Other	Doğuş Holding A.Ş. and Anadolu Endüstri Holding A.Ş.
D-Tes Elektrik Enerjisi Toptan Satış A.Ş. ("D Tes")	Turkey	Energy	Other	Doğuş Holding A.Ş. Unit Investment N.V. and Anadolu Endüstri Holding A.Ş.
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Other	Unit Investment N.V. Doğuş Holding A.Ş.
Tasfiye halinde İsedeş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("İsedeş")	Turkey	Energy	Other	Tekser İnşaat Sanayi ve Ticaret A.Ş. and Çukurova Holding A.Ş.
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Other	Newage Alzarooni Limited
Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. ("Nakkaştepe Gayrimenkul")	Turkey	Real Estate	Other	Rönesans Gayrimenkul Yatırım A.Ş.
Kandıllı Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.	Turkey	Real Estate	Other	Rönesans Gayrimenkul Yatırım A.Ş.

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NOT 4 – BUSINESS COMBINATIONS (Continued)

The table below sets out the Joint Ventures, the proportion of voting power held by Doğan Holding, its subsidiaries and Doğan family and effective ownership interests at 31 December 2012 and 31 December 2011:

Subsidiaries	Voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Proportion of total proportion of voting power held(%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2012	2011	2012	2011	2012	2011	2012	2011
ASPM Holding B.V.	37,88	36,28	-	-	37,88	36,28	23,26	22,02
OOO Autoscout24 ⁽¹⁾	37,88	36,28	-	-	37,88	36,28	23,26	22,02
DB	44,89	44,89	0,49	0,49	45,38	45,38	33,93	33,93
DB Popüler	44,87	44,87	0,01	0,01	44,88	44,88	33,92	33,92
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	37,80	37,80
DPP	46,00	46,00	10,00	10,00	56,00	56,00	34,76	34,72
Ultra Kablolu ⁽²⁾	50,00	50,00	-	-	50,00	50,00	37,80	37,80
Birey İK	50,00	50,00	50,00	50,00	100,00	100,00	26,74	26,74
Katalog ⁽³⁾	50,00	50,00	-	-	50,00	50,00	37,80	37,80
Tipeez	30,00	30,00	-	-	30,00	30,00	18,42	18,42
DD Konut Finansman	47,00	47,00	4,00	4,00	51,00	51,00	47,00	47,00
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
D Tes	25,00	25,00	-	-	25,00	25,00	25,00	25,00
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
İsedaş ⁽⁴⁾	45,00	45,00	-	-	45,00	45,00	45,00	45,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Nakkastepe Gayrimenkul ⁽⁵⁾	50,00	-	-	-	50,00	-	50,00	-
Kandilli Gayrimenkul ⁽⁵⁾	50,00	-	-	-	50,00	-	50,00	-
TNT ⁽⁶⁾	-	75,02	-	0,02	-	75,04	-	45,35

- (1) The related joint venture is in the liquidation process as of February 19, 2013.
(2) Operations have been terminated as of November, 2006. The company is included in scope of consolidation.
(3) Operations have been terminated as of September, 2009. The company is included in scope of consolidation.
(4) This joint venture is in the liquidation process as of 19 August 2011.
(5) The related joint venture was established as of 5 April 2012.
(6) As of 6 September 2012, Group Management has completed the share purchase transaction for the 19,98% shares of TNT which was accounted as joint venture at 31 December 2011. In the current period, the Company has been included as subsidiary in the scope of consolidation.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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

NOTE 4 – BUSINESS COMBINATIONS (continued)

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and gross profit and net profit of the year of joint ventures included in the consolidated financial statements by using the proportionate consolidation method are as follows:

	31 December 2012	31 December 2011
Current assets	146.015	64.401
Current liabilities	1.173.784	855.086
Total assets	1.319.799	919.487
Current liabilities	359.897	127.373
Non-current liabilities	597.912	538.275
Equity	361.990	253.839
Total liabilities and equity	1.319.799	919.487

Statements of income:	1 January- 31 December 2012	1 January- 31 December 2011
Income	43.165	48.715
Gross profit	48.433	40.628
Marketing sales and distribution expenses (-)	(26.833)	(24.784)
General administrative expenses (-)	(21.099)	(16.247)
Other operating (expense)/income, net	(1.805)	(1.789)
Operating losses	(1.304)	(2.192)
Financial income	50.766	11.573
Financial expenses (-)	(12.304)	(55.917)
Profit/(loss) before income taxes	37.158	(46.536)
Current income tax charge	(1.572)	(1.258)
Deferred tax income/(expenses)	(6.370)	9.811
Net profit/(loss) for the period	29.216	(37.983)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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ENDED 31 DECEMBER 2012**

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NOTE 5 – SEGMENT REPORTING

a) External revenues

	2012	2011
Media	2.499.008	2.318.655
Retail	342.213	283.549
Other	315.303	258.474
	3.156.524	2.860.678

b) Profit /(loss) before income taxes

	2012	2011
Media	323.327	(1.303.342)
Retail	6.967	7.945
Other	(6.325)	407.505
	323.969	(887.892)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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(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 1 January – 31 December 2012;

	Media	Retail	Other	Inter-segment elimination	Total
External revenues	2.499.008	342.213	315.303	-	3.156.524
Intra segment revenues	1.397.988	3.035	9.724	-	1.410.747
Inter segment revenues	26.581	2.621	37.036	-	66.238
Total revenues	3.923.577	347.869	362.063	-	4.633.509
Total cost of sales	(2.872.883)	(219.845)	(267.546)	-	(3.360.274)
Revenues	2.525.589	344.834	352.339	(66.238)	3.156.524
Cost of sales	(1.755.657)	(216.810)	(263.453)	24.411	(2.211.509)
Gross profit	769.932	128.024	88.886	(41.827)	945.015
Marketing, selling and distribution expenses	(290.442)	(109.786)	(11.555)	554	(411.229)
General administrative expenses	(327.955)	(9.612)	(113.191)	41.205	(409.553)
Other income/(expenses), net	169.336	402	17.463	(809)	186.392
Financial income	252.614	4.567	218.521	(11.774)	463.928
Financial expenses	(250.158)	(6.628)	(206.449)	12.651	(450.584)
(Loss)/ Profit before income taxes	323.327	6.967	(6.325)	-	323.969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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 1 January – 31 December 2011:

	Media ⁽¹⁾	Retail	Other ⁽¹⁾	Inter-segment eliminations	Total
External revenues	2.318.655	283.549	258.474	-	2.860.678
Intra segment revenues	1.850.051	3.499	6.643	-	1.860.193
Inter segment revenues	19.165	3.987	12.718	-	35.870
Total revenues	4.187.871	291.035	277.835	-	4.756.741
Total cost of sales	(3.105.430)	(181.722)	(248.450)	-	(3.535.602)
Revenues	2.337.820	287.536	271.192	(35.870)	2.860.678
Cost of sales	(1.648.774)	(181.722)	(248.398)	18.084	(2.060.810)
Gross profit	689.046	105.814	22.794	(17.786)	799.868
Marketing, selling and distribution expenses	(283.676)	(90.443)	(11.386)	4.336	(381.169)
General administrative expenses	(321.495)	(8.967)	(79.007)	15.098	(394.371)
Other income/(expenses), net	(1.087.916)	961	(25.362)	(1.537)	(1.113.854)
Financial income	259.253	2.937	715.625	(5.739)	972.076
Financial expenses	(558.554)	(2.357)	(215.159)	5.628	(770.442)
Profit/(loss) before income taxes	(1.303.342)	7.945	407.505	-	(887.892)

(1) Doğan Havacılık, which is accounted for using the equity method by Doğan Yayın Holding, parent company of Media Segment, is consolidated on a line-by-line basis by the Group since it is controlled by the Group and it is reported in "Other" segment.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

(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 2012	31 December 2011
<u>Total assets</u>		
Media ⁽¹⁾	3.937.183	4.683.577
Retail	155.177	-
Other	6.687.044	5.896.840
	10.779.404	10.580.417
Less: segment elimination ⁽²⁾	(2.110.741)	(1.891.934)
Total assets per consolidated financial statements	8.668.663	8.688.483
<u>Shareholder's Equity</u>		
Media ⁽¹⁾	1.420.467	1.071.701
Retail	51.335	-
Other	4.550.494	4.602.536
Total	6.022.296	5.674.237
Less: segment elimination ⁽³⁾	(1.931.874)	(1.782.365)
Total shareholders' equity per Consolidated financial statements	4.090.422	3.891.872
Non-controlling interests	(909.415)	(822.005)
Total shareholder's equity	3.181.007	3.069.867

(1) Due to the Doğan Havacılık is controlled by the Group, which has been consolidated as media operating segment to Doğan Yayın Holding's consolidated financial statements with equity method in 2011, it has been reported in the "Other" operating segment by being consolidated with full consolidation method. Value carried to the consolidated financial statements of Doğan Yayın Holding with the equity value has been deducted from media segment's total assets and equity. Because of the share sales of Doğan Yayın Holding's on Doğan Havacılık as of December 31, 2012, there is not any deduction process from media operations.

(2) Segment elimination amount consists of elimination of Group's subsidiary amount to Doğan Yayın Holding and reciprocal debit and credit balances between Media and Other segments.

(3) Segment elimination amount represents reciprocal elimination of Doğan Yayın Holding's adjusted capital amount within Media segment's total equity and Group's subsidiary amount to Doğan Yayın Holding.

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NOTE 5 - SEGMENT REPORTING (continued)

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

	2012	2011
<u>Purchases</u>		
Media	279.935	237.016
Retail	14.604	10.831
Other	354.547	382.599
Total	649.086	630.446

Amortisation and depreciation

Media	180.502	206.854
Retail	7.211	7.237
Other	22.288	18.125
Total	210.001	232.216

f) Non-controlling interests

	31 December 2012			31 December 2011		
	Doğan Family	Other	Total	Doğan Family	Other	Total
Media	81.983	777.936	859.919	78.727	687.643	766.370
Retail	2	64	66	-	-	-
Other	6.843	42.587	49.430	7.148	48.487	55.635
	88.828	820.587	909.415	85.875	736.130	822.005

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 5 - SEGMENT REPORTING (continued)**g) Non-cash expenses (net):**

Non-cash expenses according to the segments are as follows:

	2012			Total
	Media	Retail	Other	
Provision for trade and other doubtful receivables (Note 9)	38.094	92	2.158	40.344
Provision for employment termination benefits (Note 19)	13.069	2	1.884	14.955
Interest expense accruals	16.129	-	3.530	19.659
Provision for lawsuits (Note 17)	10.474	-	334	10.808
Provision for impairment on inventories (Note 11)	595	38	(196)	437
Provision for unused vacation liabilities (Note 20)	8.914	52	1.144	10.110
Provision for impairment on goodwill (Note 15)	21.278	-	-	21.278
Provision for impairment on intangible assets (Note 14)	1.868	-	-	1.868
Provision for impairment on investment properties (Note 13)	1.062	-	(12.323)	(11.261)
	111.483	184	(3.469)	108.198

	2011			Total
	Media	Retail	Other	
Provision for trade and other doubtful receivables (Note 9)	35.997	401	2.894	39.292
Provision for employment termination benefits (Note 19)	20.430	122	3.179	23.731
Interest expense accruals	12.460	293	5.246	17.999
Within the scope of Law No: 6111 disputed tax liabilities (Note 20)	655.560	-	189.433	844.993
Within the scope of Law No: 6111 base increase liabilities (Note 20)	23.312	-	16.655	39.967
Provision for impairment on goodwill (Note 15)	103.895	-	-	103.895
Provision for impairment on intangible assets (Note 14)	33.812	-	1.419	35.231
Provision for impairment on property, plant and equipment (Note 14)	10.821	-	-	10.821
Provision for unused vacation liabilities (Note 20)	15.987	-	2.340	18.327
Provision for lawsuits (Note 17)	(3.099)	-	5.748	2.649
Provision for impairment on inventories (Note 11)	(1.830)	-	875	(955)
	907.345	816	227.789	1.135.950

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Cash	2.402	3.418
Banks		
- Time deposits	68.283	56.954
- Demand deposits	1.973.643	3.292.201
Other current assets	194.210	112.037
Reverse repurchase agreements	3.724	3.876
	2.242.262	3.468.486

The time deposits of the Group are mainly composed of USD, EUR and TL and the effective interest rates of USD, EUR and TL denominated time deposits are between 0,1% and 6% (31 December 2011: 0,5% and 6,05%), 0,25% and 6,75% (31 December 2011: 1% and 6,05%) and 3% and 12,3% (31 December 2011: 5,7% and 12,7%), respectively and its maturity is shorter than 3 months.

As of 31 December 2012, other current assets consist of credit card slip receivables amounting to TL 49.068 (31 December 2011: TL 36.247) and blocked deposits amounting to TL 145.142 (31 December 2011: TL 75.790).

As of 31 December 2012, reverse repo agreements are in US Dollars and TL and the interest rates are %0,59 and %5,47, respectively.

Cash and cash equivalents disclosed in the consolidated statements of cash flows for the periods ended 31 December 2012, 31 December 2011 and 2010 are as follows:

	31 December 2012	31 December 2011	31 December 2010
Cash and cash equivalents	2.242.262	3.468.486	3.464.537
Accrued interest (-)	(29.833)	(10.460)	(5.708)
Cash and cash equivalents	2.212.429	3.458.026	3.458.829

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 7 - FINANCIAL INVESTMENTS

a) Current financial investments

	31 December 2012	31 December 2011
Government bonds and treasury bills	173.674	88.572
Time deposits	-	103.100
	173.674	191.672

Government bonds and treasury bills dominated in TL and US Dollar, and interest rates are %9,48 and 5,17%, respectively (31 December 2011: US Dollar 4,43%). As of 31 December 2012, there is no time deposits denominated TL and US Dollar.(As of 31 December 2011, average annual interest rate of TL denominated time deposits is 9,37% and average annual rate of US Dollar denominated time deposits between %1 and %6).

b) Financial derivative assets

	31 December 2012	31 December 2011
Valuation of interest rate swap agreements (Note 8)	308	4.606
Term foreign currency purchase and sale transactions (Note 8)	794	34
	1.102	4.640

c) Non-current financial investments

	31 December 2012		31 December 2011	
	TL	%	TL	%
Marbleton Property Fund L.P ("Marbleton") ⁽¹⁾	8.809	9	12.154	9
Aks Televizyon Reklamcılık ve Filmcilik Sanayi ve Ticaret A.Ş. ("Aks TV")	2.923	9	2.923	9
POAŞ ⁽²⁾	897	0,03	699	0,03
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş	787	-	-	-
Other	532	-	914	-
Less: provision for impairment ⁽³⁾	(11.732)		(10.960)	
	2.216		5.730	

- (1) The investment portfolio of Marbleton is sold and converted into cash in the current period and US Dollar 1.968 for TL 3.345 cash was obtained. Amounting to TL 8.809 for the whole of the remaining balance of the provision in prior periods are preserved.
- (2) After the removal of restriction on shares, "Restricted shares" which correspond to 0,03% of POAŞ's capital (calculated as 192.500 shares as of the current situation) are decided to be transferred to OMV Enerji Holding A.Ş in a total cash consideration of EUR 600.000. Since the related share transfer has not been realized as of 31 December 2012, 192.500 shares that Group owns are recognized at fair value, which is calculated by using the market price of shares.
- (3) As of 31 December 2012, available for sale financial assets except POAŞ are carried at the cost value. There are TL 8.809 and TL 2.923 impairment on Marbleton and Aks TV, respectively (31 December 2011: TL 8.037 and TL 2.923).

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NOTE 8 – FINANCIAL BORROWINGS

Short-term financial borrowings:	31 December 2012	31 December 2011
Short term bank borrowings	982.389	489.993
Short-term portion of long-term bank borrowings	326.800	404.158
Financial borrowings related with options	216.190	-
Interest bearing payables to suppliers	34.193	31.763
Finance lease borrowings	8.194	8.936
	1.567.766	934.850

Long-term financial borrowings:	31 December 2012	31 December 2011
Long term bank borrowings	1.427.043	1.351.125
Financial borrowings related with options	-	215.135
Interest bearing payables to suppliers	6.929	34.994
Finance lease borrowings	14.494	21.978
	1.448.466	1.623.232

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 8 - FINANCIAL BORROWINGS (continued)

Details of the bank borrowings as of 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012		31 December 2011			
	Interest rate per annum (%)	Original foreign currency	TL	Interest rate per annum (%)	Original foreign currency	TL
Short-term bank borrowings						
TL denominated bank borrowings	0-12	260.933	260.933	12,25 – 15,50	149.858	149.858
USD denominated bank borrowings	3,5-6,4	333.890	595.193	4,50 – 6,75	128.684	243.071
EUR denominated bank borrowings	4,5-5,78	53.690	126.263	5,79 – 9,69	39.718	97.064
CHF denominated bank borrowings	-	-	-	-	-	-
Sub-total			982.389			489.993
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	4-13,125	1.106	1.106	12,25– 15,50	3.005	3.005
USD denominated bank borrowings	2,65-5,85	162.887	290.362	2,64 – 7,00	205.561	388.284
EUR denominated bank borrowings	1,3-6,5	15.024	35.332	2,52 – 7,60	5.266	12.869
Sub-total			326.800			404.158
Total short-term bank borrowings			1.309.189			894.151
Long-term bank borrowings:						
TL denominated bank borrowings	6,4-12	8.867	8.867	12,25 – 15,50	9.173	9.173
USD denominated bank borrowings	4,13-6,12	638.646	1.138.451	2,64 – 7,00	695.915	1.314.514
EUR denominated bank borrowings	1,8-5,11	118.946	279.725	2,52 – 6,90	11.228	27.438
Total long-term bank borrowings			1.427.043			1.351.125

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NOTE 8 - FINANCIAL BORROWINGS (continued)

i) Borrowings (continued)

The redemption schedule of long-term bank borrowings is as follows:

Year	31 December 2012	31 December 2011
2013	-	357.584
2014	563.218	424.058
2015 and after	863.825	569.483
	1.427.043	1.351.125

As of 31 December 2012, the floating rate bank borrowings of the Group denominated in USD have interest rates fluctuating between Libor + 0,95% and Libor + 6,89% (London Interbank Offered Rate) (December 31, 2011: Libor + 2,4 and + 6,1%), TL-denominated floating rate loans with interest rates of Libor + 2,15% Libor + 2,75%, (December 31, 2011: LIBOR + 2,15% to LIBOR + 2,75%), and the Euro denominated floating rate of Euribor + 0,95% of loans with interest rates of Euribor + 6,19% (December 31, 2011: Euribor + 0,75% and Euribor + 4,5%), respectively.

Carrying value of the financial liabilities is considered to approximate their fair value since discount effect is not material. Group borrows loans on fixed and floating interest rates. At 31 December 2012, bank borrowings with floating interest rates amounted to TL 2.214.723 (31 December 2011: TL 1.631.165).

Commitments and financial terms about borrowings

Media

The financial conditions against the bank regarding the long-term bank borrowing of Hürriyet, one of the subsidiaries of Doğan Yayın Holding, to be used in the purchasing of TME shares, have been met. According to these conditions, the ratio of net debt amount to EBITDA and shareholders' equity identified by the bank for the last 12 months consolidated financial statements have remained below a certain level.

Also, the Group and Hürriyet have not entered any merger, split, restructuring activities that can change the partnership structure or main business line of TME. The related loan has been paid and closed at January 4, 2013.

Hürriyet has given guarantees amounting to 33.649.091 (exact) shares, which represents 67,3% of TME, one of the subsidiaries of the Group, to financial institutions in regards to long term loans (31 December 2011: 33.649.091 (exact) shares). These guarantees have been taken back subsequent to the payment of the remaining installment of the loan made at January 4, 2013.

OOO Pronto Moscow has restructured its bank loan classified under the long-term financial liabilities as of 31 December 2010 amounting to USD 70.000, as at 15 April 2011. Under the loan restructuring agreement, Doğan Holding's USD 70.000 of deposit amount has been blocked as a guarantee against the related loan (Note 20).

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NOTE 8 - FINANCIAL BORROWINGS (continued)

i) Borrowings (continued)

Commitments and financial terms about borrowings (continued)

Media (continued)

OOO Pronto Moscow has restructured its bank loan in January 2013 classified under the long-term financial liabilities as of 31 December 2012 amounting to USD 70.000. Also, interest rate applied has decreased to 6,25% from 6,40% as of 31 December 2012.

Other

Boyabat Elektrik

Group's joint venture Boyabat Elektrik's construction of 513MW installed capacity dam-type hydroelectric power plant project at the township Boyabat in the province Sinop is after obtaining the necessary regulatory approvals became operational in 5 December 2012. Boyabat Elektrik's investment has been financed with the combination of debt and equity. According to preliminary protocol signed on 25 July 2008 and 31 August 2009 and credit contract signed on 15 January 2010, USD 750.000 credit is provided to Boyabat Elektrik by Turkish commerce banks' consortium. Boyabat Elektrik used the funds amounted USD 750.000 of mentioned financing package on various dates until 31 December, 2012.

Financial commitments that must be met by Boyabat Elektrik related to the loan are as follow:

- Debt/Equity ratio must not be over the ratio of 70:30 during the credit duration.
- Debt Coverage ratio must not be below the ratio of 1.1:1 on any of the two consecutive interest payment dates (the earliest from the completion of all funded projects).

Under the loan agreement signed on 15 January 2010 and according to share pledge agreement signed on 15 January 2010 and additional share pledge agreements signed on various dates, entire shares of Boyabat Elektrik were pledged on behalf of consortium of lender banks.

Aslancık Elektrik

Group's joint venture Aslancık Elektrik's construction of 120 MWm /93 MWe installed capacity hydro energy production facility in Giresun, Doğankent began in 2010 and scheduled to be completed in 2013. Based on the loan agreement signed on 24 January 2011, in total USD 160.000 of loan was planned to be provided to Aslancık Elektrik In this context, Aslancık Elektrik used USD 137.317 amounted bank loan. Group pledged the entire shares of Aslancık Elektrik on behalf of financial institutions according to the loan agreement discussed above.

Under the loan agreement was signed on 24 January 2011, the same date that the contract in addition to the share pledge agreement and an additional share pledge agreements signed with various dates on all of the shares in accordance with the Aslancık Elektrik pledged in favor of financial institutions.

Akdeniz and Galata Wind

Subsidiaries of the Group in respect of the loans used by Akdeniz Elektrik and Galata Wind certain financial covenants that must be met are available. Defined in the credit agreement "Debt Service Coverage Ratio" (DSCR) should be minimum 1.10. Borrowers and guarantors, committed DSCR to be at this level until the debt has been paid back completely. The minimum rate of DSCR, determined by loan agreement remained below two times in a row and then deemed in a default state when not decrease to the minimum level of DSCR through an capital increase. DSCR calculations will be made every six months.

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

NOTE 8 - FINANCIAL BORROWINGS (continued)

i) Borrowings (continued)

Share Pledges

As of the balance sheet date, 11,3% and 15% shares of Doğan Yayın Holding (226.354.060 (exact) and 300.000.000 (exact) shares), 13,3% shares of Hürriyet (73.200.000 (exact) shares), 20,87% shares of Kanal D (10.747.548 (exact) shares) , 67,3% shares of TME (33.649.091 (exact) shares), 33,33% shares of Aslancık Elektrik (25.000.000 (exact) shares) and 33% shares of Boyabat Elektrik (6.996.000 (exact) shares) were given as pledges to financial institutions in respect of the long-term financial borrowings of the Group. As of 28 November 2012, pledge on shares of Kanal D have decreased to 20,87% (10.747.548 (exact) shares) from 49%. Deutsche Bank AG has used its "call" option right as of 19 February 2013 and sold 22% shares of Doğan Gazetecilik to Doğan Yayın Holding in consideration of USD 122.323 and as a result of this transaction, 11,3% shares of Doğan Yayın Holding (226.354.060 (exact) shares) and 13,3% shares of Hürriyet (73.200.000 (exact) shares) have been repurchased. In addition, 67,3% shares of TME (33.649.091 (exact) shares) have been repurchased as a result of full payment of participation loan borrowed as at 4 January 2013 in relation to the acquisition of TME.

ii) Financial liabilities related with options

Doğan Gazetecilik's, one of the subsidiaries of the Group, 22.000.000 shares each having par value of TL 1, which correspond to 22% of Doğan Gazetecilik's issued capital amounting to TL 78.000, are sold to Deutsche Bank AG during the capital raise to TL 100.000 on 19 November 2007 in the ISE Wholesale Market in consideration of USD 4,0 (exact) per share (initial price) (TL 4,73 (exact), by putting a restriction over the existing shareholders' share purchase rights.

There are put and call option agreements between Doğan Yayın Holding and Deutsche Bank AG upon the shares of Doğan Gazetecilik. According to the call option agreement, Doğan Yayın Holding has the call option from Deutsche Bank AG for 21.945.000 shares of Doğan Gazetecilik, and according to the put option agreement, Deutsche Bank AG has the put option to Doğan Yayın Holding for 23.100.000 shares of Doğan Gazetecilik. Maturities of both agreements are 5 years 3 months and end at 19 February 2013. It is possible to use the "call" option after 19 November 2010. As of 20 February 2013, Deutsche Bank AG has used its "call" option right and sold 22% shares of Doğan Gazetecilik to Doğan Yayın Holding in consideration of USD 122.323.

Since Doğan Yayın Holding has a liability of giving another entity cash or another financial asset (in the case the put option is exercised by Deutsche Bank AG) as a result of the put option agreement mentioned above, USD 88.000 is presented as a financial liability in the consolidated financial statements as of 31 December 2012. As per the put option agreement, the put option exercise price is calculated by considering the initial price and the interest rate of 6,46%.

iii) Finance lease liabilities:

The Group acquired property, plant and equipment through finance leases. As of 31 December 2012, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 22.688 (31 December 2011: TL 30.914).

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NOTE 8 - FINANCIAL BORROWINGS (continued)

iii) Finance lease liabilities (continued):

The redemption schedules of long-term leasing payables at 31 December 2012 and 31 December 2011 are summarized below:

	31 December 2012	31 December 2011
2013	-	7.375
2014	8.130	8.054
2015 and after	6.364	6.549
Total	14.494	21.978

iv) Interest bearing payables to suppliers:

Interest bearing payables to suppliers are related to the machinery and equipment purchases of Hürriyet, one of the subsidiaries of Doğan Yayın Holding. Interest rates of these short and long-term payables in USD, EUR, CHF are 0,91%, 1,22% and 1,07%, respectively (31 December 2011: USD 0,9%, EUR 2,1%, CHF 1,7%).

The maturity analysis of long-term interest bearing payables to suppliers at 31 December 2012 and 31 December 2011 is as follows:

	31 December 2012	31 December 2011
2013	-	27.794
2014 and after	6.929	7.200
Total	6.929	34.994

The Group’s short-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 34.193 (31 December 2011: TL 31.763) and long-term financial liabilities TL 6.929 as of 31 December 2012 (31 December 2011: TL 34.994).

Interest bearing payables to suppliers have floating interest rates. The exposure of the Group’s financial liabilities to suppliers to the risk of interest rate changes and the contractual repricing dates are as follows:

	31 December 2012	31 December 2011
6 months and less	41.122	66.757
Total	41.122	66.757

The fair values of short-term and long-term financial borrowings to suppliers are considered to approximate their carrying values as the effect of discount is not material.

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NOTE 8 - FINANCIAL BORROWINGS (continued)

Allocation of loans with fixed and floating interest rates of the Group as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Loans with fixed interest rates	801.509	860.160
Loans with floating interest rates	2.173.601	1.631.165
Total	2.975.110	2.491.325

(v) Other financial liabilities

As of December 31, 2012 and December 31, 2011 are presented below details of other financial liabilities.

Other short term financial liabilities:	2012	2011
Share purchase commitment (Note 17)	162.849	66.438
Short term coupon payment of long term bond ⁽¹⁾	37.050	2.233
Factoring payables	419	2.890
	200.318	71.561
Other long term financial liabilities:	2012	2011
Share purchase commitment (Note 17)	289.164	434.962
Bond ⁽¹⁾	25.760	21.558
	314.924	456.520

- (1) These are obligations related to the bonds issued by the joint venture DD Konut Finansman on 21 July 2010, amounting to TL 50.000, with 3-year maturity and quarterly coupon payment with a fixed interest rate (9,92% annual nominal interest rate) bond issued on 11 January 2012 amounting to TL 30.000 with 1-year and maturity coupon payment with a fixed interest rate at the end of the maturity and on 7 December 2012 each one amounting to TL 30.000 2-year and maturity coupon payment with a fixed interest rate at the end of the maturity (8,50% and 8,99% annual nominal interest rate, respectively). At the period that ended on 31 December 2012, TL 5.020 (31 December 2011: TL 1.208) interest expense has arisen related to aforementioned bonds.

Derivative financial liabilities:	31 December 2012	31 December 2011
Swap transactions in foreign exchange	5	3.324
Interest rate interval swap transactions	2.725	3.216
Interest rate swap transactions	-	70
	2.730	6.610

1) Swap transactions in foreign exchange

Group's joint venture DD Konut Finansman, made Euro swap agreement regarding to bank loans amounting USD 25.222 (31 December 2011: USD 46.080) during the period. As of 31 December 2012 the fair value of swap transactions are TL 573 (31 December 2011: TL 230 financial liability).

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NOTE 8 - FINANCIAL BORROWINGS (continued)

Group's joint venture Aslancık has forward agreement to reduce exchange rate risk as of 31 December 2011. As of 31 December 2011, there is a TL purchase commitment in return for USD 24.000 sales commitment with the aforementioned forward agreement. Maturity of this contract is between three to twelve months. Financial liability regarding this transaction is TL 1.404.

As of 31 December 2012, Group's joint venture DD Konut Finansman has forward agreements to sale CHF 2.312 in return for EUR 1.913 purchase commitment, sale TL 15.896 in return for EUR 5.080 purchase commitment, sale USD 16.511 in return for EUR 12.527 purchase commitment, sale TL 21.698 in return for USD 11.681 purchase commitment, sale USD 1.852 in return for USD 3.311 purchase commitment, sale EUR 91 in return for TL 212 purchase commitment with the purpose of reducing exchange rate risk. Amount of financial liability related to these transactions is TL 5 and amount of financial asset is TL 221 as of 31 December 2012. As of 31 December 2011, Group's joint venture DD Konut Finansman has forward agreements to sale USD 18.001 in return for EUR 13.158 purchase commitment, TL purchase commitment in return for USD 32.825 sales commitment, TL sales commitment in return for USD 2.368 purchase commitment and CHF 44 sales commitment in return for EUR 37 purchase commitment with the purpose of reducing exchange rate risk. Amount of financial liability related to these transactions is TL 1.593 and amount of financial asset is TL 34 as of 31 December 2011.

Çelik Halat, a subsidiary of the Group, has 2 forward agreements to reduce exchange rate risk as of 31 December 2011. As of 31 December 2011, related forward transaction agreements are performed with conditions of as TL 6.830 selling commitment in exchange of EUR 2.755 purchase commitment and the maturity of these agreements are shorter than 2 months. Financial assets related with this transaction is TL 97 as of 31 December 2011.

2) *Interest rate intervalswap transactions*

Group, has an interest rate swap agreement to convert floating interest (Libor) rate to fixed interest rate for its loan amounting to USD 80.283. According to the agreement, interest expense of loan depending on 6 months libor rate, is fixed until 5 July 2011. Financial expense recognised as of 31 December 2011 regarding these agreements amounts to TL 182.

Doğan TV Holding, one of the subsidiaries of the Group, had an interest rate swap agreement amounting to USD 33.333 related with bank borrowings to convert floating interest rate to fixed interest rate for its loan. According to the agreement, interest expense of loan was fixed until 23 May 2014. Financial liability recognised as of 31 December 2012 regarding these agreements amounted to TL 1.683 (31 December 2011: TL 3.129). TL 308 financial income is recognised during the period regarding these agreements (31 December 2011: None).

Group's joint venture DD Konut Finansman has interest swap agreements made with the purpose of translating its loan debt's floating rate to fixed rate as of 31 December 2012. It has agreement of USD 20.000 foreign currency interest swap. Maturities of contracts are between April 2013 and 2016. Financial asset recognized related to these contracts is none (31 December 2011: TL 4.606) and financial liability recognized is TL 1.042 (31 December 2011: TL 87) as of 31 December 2012.

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NOTE 8 - FINANCIAL BORROWINGS (continued)

3) Interest rate swap transactions

There is no interest rate swap transactions as of 31 December 2012.

Group, entered into two collar agreements (CAP and collar) totaling to USD 4.750 to hedge the interest rate risk arising from borrowings as of 31 December 2011. The agreements have fixed base and cap rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the base rate, the Group has to compensate for the difference between the base rate and the actual rate. Similarly, if the LIBOR rate is above the cap rate, banks will compensate the difference to the Group.

As of 31 December 2011, fixed base and cap rates change between 3,0% and 5,6% and the main floating interest rate is LIBOR. Financial liability recognised as of the balance sheet date regarding these agreements amounted to TL 70. Financial expense recognised during the period regarding these agreements amounting to TL 1.131.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

<u>Short-term trade receivables</u>	31 December 2012	31 December 2011
Trade receivables	892.883	833.467
Notes and cheques receivable	44.102	36.086
Other	-	2.571
Total	936.985	872.124
Less: unearned financial income due to sales with maturity	(5.445)	(13.081)
Less: provision for doubtful receivables	(204.220)	(179.391)
	727.320	679.652

In the media segment of the Group, the average maturity of not overdue trade receivables is between 70 and 98 days as of the balance sheet date (31 December 2011: 67-91 days). The maturities of trade receivables of the Group vary, in the publishing segment of the Group the discount rate of trade receivables calculated as annual compound is 10,03% (31 December 2011: 10%-14,4%) and in the broadcasting segment of the Group discount rate of trade receivables calculated as annual simple is 10,03% (31 December 2011: 12%).

In the retail segment of the Group, the average maturity of not overdue trade receivables is 45 days as of the balance sheet date (31 December 2011: 45 days). Average discount rate calculated as annual compound of trade receivables is 10,03% (31 December 2011: 14,4%).

In the other segment of the Group, the average maturity of not overdue trade receivables is between 40 and 90 days as of the balance sheet date (31 December 2011: 30-90 days). Average discount rate calculated as annual compound of trade receivables is 10,03% (31 December 2011: 14,4%).

<u>Long-term trade receivables</u>	31 December 2012	31 December 2011
Trade receivables, net	164.975	133.253
Notes receivables, net	2.217	274
Provision for doubtful receivables (-)	(215)	-
	166.977	133.527

Long-term trade receivables of Group is basically from DD Konut Finansman and all amounts secured by mortgages.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (continued)

The movements of provision for doubtful receivables for the current period is as follows:

	2012	2011
As of 1 January	(179.391)	(193.662)
Provision booked in the current period (Note 25)	(40.038)	(35.393)
Provisions booked from discontinued operations (Note 25)	-	(3.626)
Provisions released related with discontinued operations	-	22.344
Changes in consolidation method (Note 25)	(306)	-
Collections and cancelled provisions from continued operations	15.166	28.870
Currency translation differences	84	(1.588)
Reversal of provisions related to continuing operations	-	3.664
Reversed provisions due to disposal of subsidiary	50	-
31 December	(204.435)	(179.391)

Aging analysis of trade receivables

As of 31 December 2012, trade receivables of amounting to TL 146.299 (31 December 2011: TL 200.152) were past due but not impaired. The Group does not foresee any collection risk for these overdue receivables due to sector dynamics and circumstances.

As of 31 December 2012, the Group has letters of guarantee, guarantee notes, guarantee cheques and mortgages amounting to TL 230.616 (31 December 2011: TL 197.388) related to trade receivables amounting to TL 894.297 (31 December 2011: TL 813.179).

The guarantees received for the total trade receivables of the Group amounting to TL 894.297 as of 31 December 2012 (31 December 2011: TL 813.179) consist of bank guarantee letter amounting to TL 20.922 (31 December 2011: TL 3.169), bails and mortgages amounting to TL 201.363 (31 December 2011: TL 182.872) and cheques and bonds amounting to TL 8.331 (31 December 2011: TL 11.347). Bank guarantee letter amounting to TL 3.620, bails and mortgages amounting to TL 18.544, cheques and bonds amounting to TL 4.330 (31 December 2011: bank guarantee letter amounting to TL 420, bails and mortgages amounting to TL 8.939, cheques and bonds amounting to TL 8.099 and receivable insurance amounting to TL 2.327) (Note 32).

Short-term trade payables

	31 Decemer 2012	31 December 2011
Trade payables	372.624	446.043
Notes payable	6.659	3.071
Other	288	284
Less: deferred financial expense due to purchase with maturity	(2.053)	(4.401)
	377.518	444.997

The average maturity of not over due trade payables is between 30 to 80 days as of 31 December 2012 (31 December 2011: 30-53 days).

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NOTE 10 – OTHER RECEIVABLES

	31 December 2012	31 December 2011
Other short-term receivables		
Notes receivable ^{(1) (2) (3)}	417.212	29.916
Deposits and guarantees given	1.583	4.722
Other miscellaneous receivables	1.986	220
	420.781	34.858
Other long-term receivables		
Notes receivable ^{(1) (2) (3) (4)}	100.013	398.210
TEIAS power transmission line receivables ⁽⁵⁾	28.997	17.156
Deposits and guarantees given	2.317	1.598
Other miscellaneous receivables	-	41
	131.327	417.005

- (1) TL 26.681 (31 December 2011: TL 29.916) of short-term notes receivables and TL 32.318 (31 December 2011: TL 63.908) of long-term notes receivables are composed from the sales of shares of Bağımsız Gazeteciler shares and all Milliyet brand, royalties and internet domain names to DK Gazetecilik ve Yayıncılık A.Ş at 2 May 2011. Notes are presented at amortized cost. The discount amount is TL 734 at 31 December 2012 (31 December 2011: TL 985).
- (2) Excluding the accrued interest, TL 313.738 (USD 176 million) of long term notes receivables as of 31 December 2012 (31 December 2011: TL 332.446) consists of the receivables from Doğuş Yayın Grubu regarding the sale of shares of Işıl Televizyonculuk Yayıncılık A.Ş (Star TV) as of 3 November, 2011. 3,58% of annual interest rate is applied to the related amount. TL 2.874 of interest accrual is recognized in short-term notes receivables regarding this receivable as of 31 December 2012. The maturity of the receivable is 2 November 2013. Doğuş Holding A.Ş. has become the guarantor for the related receivable.
- (3) Hürriyet, a subsidiary of the Group, sold the properties that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, Istanbul to Nurok Gayrimenkul Yatırım Ortaklığı in consideration of USD 127.500 (TL 225.994), excluding late interest. USD 17.500 of the consideration was paid in cash and the remaining portion which amounts to USD 110.000 is payable in 32 equal installments as of 6 March 2012 by applying 3,5% interest rate for the remaining installment portions. As of 31 December 2012, USD 41.250 (TL 73.619) of the related consideration is recognized as short-term notes receivables and cheques and USD 34.375 (TL 61.277) is recognized as long term notes receivables and cheques in the accompanying consolidated financial statements. Interest amount that is collectible in relation to principal amount is USD 6.396. USD 3.031 (TL 5.372) of the related amount, excluding VAT, has been collected and is recognized as finance income in the accompanying financial statements in the current period. Interest accrual calculated by using the effective interest rate in the current period amounts to USD 217 (TL 387) and is recognized as short-term notes receivables and cheques and finance income in the accompanying financial statements.
- (4) Long-term notes receivables amounting to TL 4.456 consists of notes receivables from the other shareholders of Nakkastepe Gayrimenkul.
- (5) The amount consists of the receivables of Akdeniz Elektrik and Galata Elektrik from the power transmission line of TEİAŞ.

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NOTE 10 – OTHER RECEIVABLES (continued)

	31 December 2012	31 December 2011
Other Short Term Payables		
Taxes and funds payable	63.793	58.996
Advances received	7.617	6.152
Due to personnel	16.881	16.419
Deposits and guarantees received	9.814	55
Other short term payables	4.111	8.285
	102.216	89.907
	31 December 2012	31 December 2011
Other Long Term Payables		
Due to Devlet Su İşleri ("DSİ") ⁽¹⁾	40.077	27.774
Deposits and guarantees received	13.032	19.759
Other long term payables	2.613	1.697
Advances received (Note 25) ⁽²⁾	-	47.222
	55.722	96.452

- (1) Boyabat Dam and Hydroelectric Power Plant construction was initiated in 1991 by DSİ. Boyabat took over the construction investments made up until that date and the right to use water with the agreement of Water Usage Rights signed on 25 November 2007 with DSİ. Contract value has been determined as TL 91.862 (TL 30.314 with parent company effective share) at contract date, according to the agreement it will be increased by PPI each year. The estimated PPI is the expected PPI indices released by the Central Bank of the Republic of Turkey and it is updated as necessary throughout the year. Repayments will start after 5 years of the effective date of switchboard is made in 10 equal installments. This obligation to DSİ, 6.50% (2011: 10.6%) is at amortized cost using the effective interest rate of the financial statements 31 December 2012 TL 121,446 (TL 40,077 with effective ownership share) (2011: TL 27,774) the present value of the amount shown . 1 January to 31 December 2012 period of TL 34,089 (TL 11,249 with effective ownership share) amounting to interest expense (1 January 2011 - 31 December 2011: TL 6,034) to ongoing investments, TL 3,193 (TL 1,054 with effective ownership share) was added to the amount of operating expenses and interest expense.
- (2) As of 31 December 2011, TL 47.222 (USD 25.000) in the total advances received amount is the advance received for the joint venture agreement of Eko TV signed between Doğan TV Holding and Turner Broadcasting System International Inc. ("Turner") at 17 July 2007. Within the scope of this agreement, Doğan TV Holding has granted a call option to Turner for the 25% of the shares of Eko TV until the year 2017. The call option could only be exercised when RTSC regulation permits the transfer of the shares. In accordance with the amendment to the Law no: 6112 "Establishment and Broadcasting Services of Radio and Television Companies" published in the official Gazette on March 3, 2011, this option has become available and exercisable to Turner. As of 14 June 2012, Doğan TV Holding and Turner's joint venture agreement is terminated and the related option is not exercised. Therefore, USD 25.000 (TL 45.767) recognized as advances received in the 31 December 2011 financial statements is recognized under other operating income in the current period (Note 25). Following the termination of the agreement, the Group has purchased 19,98% participation of Eko TV in consideration of TL 4.331 (Note 3).

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NOTE 11 - INVENTORIES

Short term inventories

	31 December 2012	31 December 2011
Raw materials and supplies ⁽¹⁾	139.653	130.423
Finished goods and merchandise	78.963	108.626
Semi-finished goods	11.419	9.148
Promotion stocks	9.907	8.130
Other	2.710	3.163
	242.652	259.490
Less: provision for impairment on inventories	(6.823)	(6.386)
	235.829	253.104

(1) Amounting to TL 32.341 of trade goods (31 December 2011: TL 44.759) consist of stocks related to housing projects carried out by Milpa, the subsidiary, as of December 31, 2012.

Depreciation and amortization expense as of December 31, 2012 TL 387 (31 December 2011: TL 486) respectively, is reflected in stocks

The promotion stocks comprise books, cd, dvd and electronic training materials sold together with newspapers. 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 management by taking the purchase date into consideration.

Provision for diminution in value of inventories at December 31, 2012 and for the year ended 31 December 2011 are as follows:

	2012	2011
1 January	(6.386)	(8.923)
Current period charge from continued operations (Note 25)	(3.813)	(1.665)
Reversal provisions from discontinued operations	-	1.582
Reversal of provision on impairment inventories	3.376	2.620
31 December	(6.823)	(6.386)

	31 December 2012	31 December 2011
Long term inventories		
Trade goods ⁽¹⁾	-	18.096
	-	18.096

(1) Long term inventories comprises completely from of Milpa, subsidiary of the Group, Milpark Konut Projesi except stage 1. and included its related cost. Termination agreement was signed on 16 May 2012 after the owner of the land in question were expensed merchandise (Note 25).

NOTE 12 – BIOLOGICAL ASSETS

The Group's subsidiary Doğan Organik amount of biological assets as at 31 December 2012 amounted to TL 208. (31 December 2011: 74 TL).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOT 13 - INVESTMENT PROPERTY

The movements in investment property during the periods ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Additions	Disposals	Transfers	Gain/ (loss) arising from change in fair value	31 December 2012
Land and land improvements ⁽¹⁾	112.913	115.399	-	6.236	9.140	243.688
Buildings ⁽²⁾	78.125	33.664	(24.623)	3.250	2.121	92.537
Net book value	191.038					336.225

	1 January 2011	Additions	Disposals	Transfers	Gain/ (loss) arising from change in fair value	31 December 2011
Land and land improvements	101.403	7.190	-	-	4.320	112.913
Buildings	74.075	25.239	(20.386)	-	(803)	78.125
Net book value	175.478					191.038

(1) Additions in 2012, TL 56.970 amount from Nakkaştepe Gayrimenkul, TL 41.259 amount from Kandilli Gayrimenkul about acquisition of real estate.

With the decision taken by the Group management as a result of the assessment, decided to present their investment properties from fair value amounts which were presented from their cost values less any accumulated depreciation and any accumulated impairment losses, if any, in the prior period consolidated financial statements (Note 2.1.6). In this context, investment properties of the Group at 31 December 2012, 31 December 2011 and 31 December 2010, are valued under the Capital Markets Law.

The group has rent income amounting to TL 3.660 from investment properties (31 December 2011: TL 4.314). Direct operating costs in the current period resulting from investment property is TL 1.277 (31 December 2011: TL 492). There is no collateral or mortgage on investment properties of the Group as of 31 December 2012.

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NOT 13 - INVESTMENT PROPERTY (continued)

- (2) 19 shops, 6.067 m2 with an area belongs to Veneris Project which was built by Milpa is followed as inventory accounts until 31 December 2012. In accordance with the agreement signed under the authority given on lease for a period of 10 years and in this context "investment property" is classified as at fair value TL 6.236.

	Cost	Accumulated depreciation	Net book value prior to transfer ⁽¹⁾	Investment property revaluation reserve	Base transfer value ⁽²⁾
Buildings	3.210	(1.464)	1.746	1.504	3.250

⁽¹⁾ If an owner-occupied property becomes an investment property that will be carried at fair value, IAS 16 is applied up to the date of change of use. Any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16. In this respect, the Group has recognized the difference between the net book value at the date of the transfer and the fair value amount in other comprehensive income. Current period depreciation charge of property, plant and equipment transferred to investment property is TL 733 (31 December 2011: TL 675) at the date of the transfer.

⁽²⁾ Fair value of investment properties belonging to Group at the transfer date from property, plant and equipment is TL 3.250. Net book value prior to transfer is TL 1.746. Because the difference between the fair value and the carrying value at the date of transfer is treated as revaluation according to IAS 16, TL 1.504 is presented in other comprehensive income. Deferred tax liability calculated from the revaluation of investment property is TL 75. Net revaluation amount presented in other comprehensive income is TL 1.429. TL 1.334 of this amount is associated with parent company shares, TL 95 of this amount is associated with non-controlling interest shares.

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NOT 14 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Property, Plant and Equipment

Movement of the property, plant and equipment for the years ended as of 31 December 2012 and 2011 are as follows:

1 January	2012	Additions	Disposals	Disposal of Subsidiary	Transfers ⁽²⁾	Currency translation difference	Addition of Subsidiary	Consolidation rate change ⁽³⁾	31 December 2012
Cost:									
Land and land improvements	133.221	1.771	(20.933)	-	517.361	(552)	142	-	631.010
Buildings	148.096	776	(4.624)	-	(9.206)	(874)	3.063	18	137.249
Machinery and equipment	1.059.117	37.804	(160.113)	(277)	131.083	(2.677)	198.782	787	1.264.506
Motor vehicles	114.381	9.536	(19.243)	-	7	(132)	80	1	104.630
Furniture and fixtures	386.862	89.073	(99.312)	110	1.244	(325)	304	-	377.956
Leasehold improvements	98.401	30.614	(1.760)	(7)	-	427	-	-	127.675
Other	9.929	-	(382)	-	-	-	1	-	9.548
Construction in progress ⁽¹⁾	535.087	237.540	(8.238)	(-)	(632.219)	(148)	285	-	132.307
	2.485.094	407.114	(314.605)	(174)	8.270	(4.281)	202.657	806	2.784.881
Accumulated depreciation:									
Land and land improvements	4.778	1.300	(43)	-	52	-	-	-	6.087
Buildings	70.539	5.726	(540)	-	(3.627)	(285)	-	18	71.831
Machinery and equipment	838.126	49.093	(143.609)	(32)	-	(1.388)	-	788	742.978
Motor vehicles	70.136	10.162	(28.367)	-	-	(140)	-	-	51.791
Furniture and fixtures	232.479	47.468	(88.454)	(178)	-	(542)	-	1	190.774
Leasehold improvements	65.994	8.532	(2.986)	(8)	-	(66)	-	-	71.466
Other	981	1	(11)	-	-	-	-	-	971
	1.283.033	122.282	(264.010)	(218)	(3.575)	(2.421)	-	807	1.135.898
Net book value	1.202.061								1.648.983

(1) TL 134.906 of 237.540, additions in investments in progress (31 December 2011: TL 275.501), belongs to Boyabat Elektrik's, TL 38.373 (31 December 2011: TL 30.294) of it belongs to Aslancik Elektrik's investments in progress.

(2) Transfers, amounting to TL 515.226 from construction in progress to land and land arrangements, and TL 118.308 machinery and equipment, due to be operational of Boyabat Elektrik.

(3) Arrangement as previously consolidated joint ventures to be consolidated as a subsidiary of Eko TV arrangement (Note 3).

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

a) Property, Plant and Equipment (continued)

There is mortgage amounting to TL 395.536 on the property, plant and equipment as of 31 December 2012 (31 December 2011: TL 420.254). The carrying amount of the property, plant and equipment of the Group acquired through finance leases as of 31 December 2012 is TL 49.592 (31 December 2011: TL 56.002). The accumulated depreciation as of 31 December 2012 is TL 28.885 (31 December 2011: TL 26.684).

Financial expenses monitored in costs consists of interest expense and fx loss which capitalized under construction in progress TL 46.554 (2011: TL 43.146).

	1 January 2011	Additions	Disposals	Discontinued operations (1)	Transfers	Currency translation difference	Impairment	Classified as asset held for sale	31 December 2011
Cost:									
Land and land improvements	143.958	217	-	-	-	1.347	(400)	(11.901)	133.221
Buildings	252.178	746	(2.807)	(154)	(3.679)	6.137	(3.447)	(100.878)	148.096
Machinery and equipment	1.080.622	41.715	(35.724)	(16.656)	1.005	8.728	(6.974)	(13.599)	1.059.117
Motor vehicles	107.530	13.547	(7.184)	(294)	6	776	-	-	114.381
Furniture and fixtures	311.951	92.114	(13.423)	(6.048)	(153)	2.515	-	(94)	386.862
Leasehold improvements	91.463	11.737	(2.177)	(4.003)	1.278	103	-	-	98.401
Other	9.547	384	(2)	-	-	-	-	-	9.929
Construction in progress	197.290	355.953	(448)	-	(17.770)	209	-	(147)	535.087
	2.194.539	516.413	(61.765)	(27.155)	(19.313)	19.815	(10.821)	(126.619)	2.485.094
Accumulated depreciation:									
Land and land improvements	4.749	347	-	-	-	-	-	(318)	4.778
Buildings	98.321	7.710	(200)	(149)	(2.676)	1.336	-	(33.803)	70.539
Machinery and equipment	820.072	61.973	(27.866)	(10,186)	-	5.849	-	(11.716)	838.126
Motorlu araçlar	58.953	16.437	(5.373)	(259)	-	378	-	-	70.136
Furniture and fixtures	214.115	29.233	(8.325)	(4,143)	-	1.693	-	(94)	232.479
Leasehold improvements	64.513	6.822	(1,941)	(3,500)	-	100	-	-	65.994
Other	970	11	-	-	-	-	-	-	981
	1.261.693	122.533	(43.705)	(18.237)	(2.676)	9.356	-	(45.931)	1.283.033
Net book value	932.846								1.202.061

1) Discontinued operations include the Group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand 2 May 2011 (Not 28).

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

b) Intangible assets

1 January	2012 Additions	Disposals	Disposal of Subsidiary	Transfers	Currency translation difference	Disposal of Subsidiary	Consolidation rate difference ⁽¹⁾	31 December 2012
Cost:								
Customer list	309.421	-	-	-	884	-	-	310.305
Brand name	297.085	-	-	-	(1.650)	-	-	295.435
Terrestrial broadcasting permission licence	-	-	-	-	-	-	-	-
Electricity generation licence	-	-	-	-	-	355.044	-	355.044
Other	423.297	(4.337)	(33)	1.537	(4.773)	64	886	480.030
	1.029.803	(4.337)	(33)	1.537	(5.539)	355.108	886	1.440.814
Accumulated depreciation:								
Customer list	88.939	-	-	-	689	-	-	108.192
Brand name	17.732	-	-	-	29	-	-	19.200
Electricity generation licence	-	-	-	-	-	4.611	-	4.611
Other	260.202	(5.627)	(25)	-	(906)	25	796	287.232
	366.873	(5.627)	(25)	-	(188)	4.636	796	419.235
Television programme rights (3)	64.296	-	-	-	-	-	-	56.988
Net book value	727.226	-	-	-	-	-	-	1.078.567

(1) The Group has completed the share purchase transaction for the 19,98% shares of Eko TV which was journalized as joint venture as of 31 December 2011 as of 6 September 2012 and the Company has been included as subsidiary in the accompanying financial statements as of this date

The movements of the television programme rights during the periods ended 31 December 2012 and 2011 are as follows:

1 January 2012	Additions	Discontinued operations	Amortization ⁽¹⁾	Currency translation difference	Provision for impairment of programme rights	31 December 2012
Television programme rights	64.296	29.520	(34.949)	(11)	(1.868)	56.988

(1) TL 6.893 of depreciation and amortization amount derived from the sale of Star TV of the Group on 3 November 2011 is recognized under the discontinued operations account on the financial statements for the years ended 31 December 2011.

TL 387 (2011:TL 486) of depreciation and amortization amount of tangible and intangible assets has reflected to inventories and TL 19 has accounted under construction in progress.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

a) Intangible assets (continued)

	2011	Additions	Disposals	Discontinued operations (1)	Transfers	Currency translation difference	Impairment ⁽²⁾	31 December 2011
Cost:								
Customer List	269.732	-	-	-	-	39.689	-	309.421
Brand name	400.848	2	-	(136.766)	2	42.156	(9.157)	297.085
Terrestrial broadcasting permission licence	80.906	-	-	(57.406)	-	-	(23.500)	-
Other	373.424	29.307	(4.825)	(2.709)	7.211	20.889	-	423.297
	1.124.910	29.309	(4.825)	(196.881)	7.213	102.734	(32.657)	1.029.803
Accumulated depreciation:								
Customer List	61.625	17.882	-	-	-	9.432	-	88.939
Brand name	15.524	1.418	-	(30.806)	-	789	-	(13.075)
Other	260.574	30.985	(4.448)	(2.330)	(116)	6.344	-	291.009
	337.723	50.285	(4.448)	(33.136)	(116)	16.565	-	366.873
Television programme rights	72.148							64.296
Net book value	859.335							727.226

The movements of the television programme rights during the periods ended 31 December 2012 and 2011 are as follows:

	1 January 2011	Additions	Discontinued operations	Amortization	Currency translation difference	Impairment	31 December 2011
Television programme rights	72.148	52.295	(3.401)	(59.398)	5.226	(2.574)	64.296

(1) Discontinued operations include the Group's disposal of assets that are related to the sales of Bağimsız Gazeteciler and Milliyet brand, royalties and internet domain names on 2 May 2011 and sales of shares of Star TV on 3 November 2011 to Doğuş Yayın Grubu.

(2) As explained in Note 2, Hürriyet, one of the subsidiaries of the Group has reviewed the fair values of its intangible assets and booked provision for impairment amounting to TL 9.157 at 31 December 2011. Doğan TV Holding, one of the subsidiaries of the Group, has booked a provision of TL 23.500 in the current period for the broadcasting license of CNN Turk by taking into consideration the effects of the new RTSC Law No: 6112 and the related communique and regulations regarding the distribution of terrestrial broadcasting licences considering the redistribution of these licenses by giving priority to the license owners (Note 25).

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

b) *Intangible assets (continued)*

Intangible assets with indefinite useful lives

As at 31 December 2012, the Group has decided that brand names with carrying value of TL 269.360 have indefinite useful lives (31 December 2011: TL 282.379) (Note 2). The utilization period of brand names 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.

NOTE 15 - GOODWILL

The movements in goodwill during the periods ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	539.951	896.653
Currency translation difference	(576)	32.059
Impairment (1)	(21.278)	(103.895)
Discontinued operations (Not 28) (2) (3)	-	(286.682)
Other (4)	860	1.816
31 December	518.957	539.951

- (1) As of 31 December 2012, TL 18.106 of the global goodwill impairment is related with the acquisition of subsidiaries operating in Russia and TL 3.172 is related with the difference in the measurement of goodwill related to the acquisition of Eko TV shares previously accounted as joint venture. (31 December 2011: TL 92.526 of the global goodwill impairment is related with the acquisition of subsidiaries operating in Russia, TL 11.332 is related with the goodwill of acquisition of Doğan Ofset and TL 37 is related with the goodwill of acquisition of Doğan Egmont.
- (2) 99,99% of its shareholding in the Group's subsidiary, Bağımsız Gazeteciler, was disposed of on 2 May 2011. TL 47.757 of goodwill arising from the acquisition of Bağımsız Gazeteciler is derecognized from the financial statements (Note 28).
- (3) 99,99% of its shareholding in the Group's subsidiary, Işıl TV, was disposed of on 3 November 2011. TL 238.925 of goodwill arising from the acquisition of Işıl TV is derecognized from the financial statements (Note 28).
- (4) Other relates to the changes in fair value of put options.

Goodwill impairment testing

The Group has performed goodwill impairment analysis for the periods ended 31 December 2012 and 2011 as explained in detail below:

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 (budgeted interest, tax, depreciation and amortization, provision for impairment and gross margin before other non-operating expenses) have a significant role in these calculations.

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NOTE 15 – GOODWILL (Continued)

The cash flow projections of publishing and broadcasting segments have been prepared covering the years of 2013-2017.

The assumptions used in the value in use calculations are as below:

	EBITDA margin ⁽¹⁾	Discount rate ⁽²⁾
Broadcasting	%30,20	%14,00
Publishing		
Russia and Commonwealth of Independent States ⁽³⁾	%18,80	%11,80
Turkey	%15,50	%14,60

(1) Weighted average of EBITDA of projected cash flows following the budget period

(2) Weighted average cost of capital

(3) Group Management has booked a provision for impairment on goodwill amounting to TL 18.106 regarding the acquisition of subsidiaries operating in Russia. (Group Management has booked a provision for impairment on goodwill and property, plant and equipment amounting to TL 103.895 and TL 9.157 (TL 113.052 in total) , respectively in its consolidated financial statements for the period ended 31 December 2011 (Note 13,14).

NOTE 16 - GOVERNMENT GRANTS

- Group obtained six investment incentives certificate for the imported equipments amounting to USD 13.661 and domestic equipments amounting to TL 1.280 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT. The investments amounting to USD 13.450 for imported equipments and TL 1.280 for domestic equipments are realized within these certificates as of 31 December 2012 (31 December 2011: None).
- Ditaş, a subsidiary of the Group, benefits from the tax and insurance premium incentive under the scope of law 5084 Investment and Employment Promotion and Amending some laws. In this context, the incentive of the insurance premium amounting to TL 718 (2011: TL 603) is reflected in the financial statements as income from other operations.
- Ditaş obtained incentive certificate at 27 January 2011 from Turkish Treasury of Incentive Executive General Directorate for making the investment amounting TL 9.589 for the modernization of machinery racecourse to increase production capacity. Within the context of incentive certificate 60% tax deduction, 20% investment contribution rate and VAT exemption, custom tax exemption and interest support will be provided for 3 years with insurance Premium employer share support. The date of completion is 21 December 2013.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	31 December 2012	31 December 2011
Provision for withholding tax	-	22.130
Provision for lawsuits	29.427	21.957
Other	1.459	6
	30.886	44.093

Provisions for withholding taxes of 31 December 2012 and for the periods ended 31 December 2011 are as follows:

	2012	2011
1 January	(22.130)	(28.089)
Additions in current period (Note 25)	-	(1.751)
Payments related to provisions	22.130	7.710
31 December	-	(22.130)

Tax penalty provision, for the period ended 31 December 2011 are as follows:

	2012	2011
1 January	-	(33.522)
Provisions reversed earlier (Not 25)	-	4.977
Payments related to provisions	-	28.545
31 December	-	-

Provisions for lawsuits for the periods ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	(21.957)	(27.386)
Acquisition of subsidiaries	(325)	-
Additions in current period (Note 25)	(12.986)	(7.380)
Payments related to provisions	3.663	8.078
Provisions reversed earlier	2.178	4.731
31 December	(29.427)	(21.957)

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

(a) Law Cases:

The details of litigations against Group are amount of TL 82.571 (31 December 2011: TL 78.999)

	31 December 2012	31 December 2011
Legal cases	59.717	54.987
Commercial cases	14.229	9.647
Business cases	6.574	7.936
Other	2.051	6.429
Total	82.571	78.999

A provision for lawsuits filed against the Group whose details are given above amounting to TL 29.427 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 2011: TL 21.957). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against Doğan Yayın Holding and its subsidiaries and lawsuits initiated by the Radio and Television Supreme Council.

(b) Tax penalty and law suits:

The Group's decision on the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"

The Group management plans to make use of the requirements set out in relation to "Undue and on Trial Tax Liabilities" and "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees" ("Law No: 6111"), which has become effective upon the issuance in the Official Gazette No: 27857 (I.Bis) on 25 February 2011. After the amount calculated on the basis of Law No: 6111 is paid in advance, the remaining portion which will be paid in 18 equal installments in 36 months, including the 9th installment is paid as of 28 September 2012. In this regard, the Group has no outstanding liability under the requirements of Law No: 6111. The amount of payment and expenses of the Group within the scope of Law No: 6111 are summarized below:

Undue and on trial tax liabilities in dispute

Under the requirements of Law No. 6111, TL 37.430 portion of the related amount is paid in cash until 30 June 2011. In this scope, TL 423.588 portion of TL 886.772 of principal including interest is paid in 8 installments, and the remaining portion (TL 463.184) is paid including the 9th installments. TL 58.013 (31 December 2011: TL 38.595, 31 December 2012: TL 19.418) of total interest payment is made regarding "undue and on trial tax liabilities in dispute" paid in installments. The Group has made a total payment of TL 924.202 including interest regarding its "undue and on trial tax liabilities in dispute" in accordance with Law No: 6111 and the Group has no outstanding liability in this regard.

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

(b) Tax penalty and law suits (continued)

Tax base increase

Under the requirements of law no: 6111, TL 66.040 portion is paid in cash until 30 June 2011. In this scope, TL 15.063 portion of TL 31.534 which will be paid in 18 installments in 36 months is paid in 8 installments, and the remaining portion (TL 16.471) is paid including the 9th month installments. TL 2.069 (31 December 2011: TL 1.372, 31 December 2012: TL 697) of total interest payment is made regarding tax base increase paid in installments. The Group has made a total payment of TL 97.574 including interest regarding its "tax base increase" in accordance with Law No: 6111 and the Group has no outstanding liability in this regard.

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

Doğan Yayın Holding sold 90.854.185 shares ("Axel shares"), 25% of the share capital of Doğan TV Holding, to Commerz-Film GmbH (formerly registered as Dreiundvierzigste Media Vermögensverwaltungsgesellschaft mbH), a 100% subsidiary of Axel Springer AG, for EUR 375.000 (TL 694.312, this amount is defined as "initial sales price") on 2 January 2007. In accordance with the Share Sale Agreement ("Agreement") that the initial sales price will be revised based on whether the "initial public offering" ("IPO") of the shares of Doğan TV Holding or not.

Dates for the reassessment of the original selling price as set out in the agreement signed by Doğan Holding, Doğan Yayın Holding, Doğan TV Holding and Commerz-Film GmbH on 19 November 2009 have been postponed for a maximum period of 6 years without being subject to any condition. The related agreement dated 19 November 2009, was amended by a new agreement (Amendment agreement) signed with Doğan Holding, Doğan Yayın Holding, Doğan TV Holding, Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH at 31 October 2011.

The below conditions set out in the agreement signed on 19 November 2009 are applicable as of 19 February 2010.

- In the agreement dated November 19, 2009, Axel Springer Group has sale options for 3,3% of its shares in Doğan TV Holding amounting to EUR 50.000 subsequent to January 2013 and the other 3,3% of its shares amounting to EUR 50.000 subsequent to January 2014 to Doğan Holding and Doğan Holding has the commitment to purchase these shares ("DTV Put Option I"). Axel Springer Group may exercise the sale options fully or partially. Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. Under the amendment agreement dated 31 October 2011, existing "DTV Put Option I" terms are revised and accordingly, the related terms require the put options exercisable for the periods subsequent to January 2013 and January 2014 in consideration of EUR 50.000 to cover only 33.843.238 shares in each period. The Amendment also allows Axel Springer another put option exercisable for 34.183.593 shares for the period subsequent to 2015 in consideration of EUR 50.000. As of 31 January 2013, Doğan Holding acquired 33.843.238 shares (which equals 2,48844% of first tier paid in capital in consideration of EUR 50.000 as stated above) with TL 1 of nominal value in consideration of EUR 61.572 in total.

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

(c) *Commitments and contingent liabilities related to the share acquisition agreement with Commerz-Film GmbH (continued)*

- According to the agreement dated 19 November 2009, Axel Springer Group has option to sell some or all of "Axel shares" with the higher of EUR 4,1275 (exact) per share or a fair value to be determined by specific valuation techniques to Doğan Holding and Doğan Holding has a commitment to purchase these shares ("DTV Put Option II"). Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. In order to exercise this option, the following conditions must be met.

- Doğan TV Holding shares should not be offered to the public by 30 June 2017,
- There should be direct or indirect control change over Doğan Holding, Doğan Yayın Holding or Doğan TV Holding,
- There should be pledges or sequestration on the Doğan Yayın Holding's assets that have significant unfavorable effects on the operations of Doğan Yayın Holding in addition to the existing ones.

This time, with the amendment agreement dated 31 October 2011, EUR 4,1275 (exact) per share is updated as EUR 1,46269 (exact) because of the increase in the share capital of Doğan TV Holding.

As per the Amendment Agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as at 10 February 2012. In addition, a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares were given in the same period to be used as of January 2015.

EUR 375.000, which is defined above as the initial sale price, can be amended based on the circumstances explained below. Under the agreement, the "initial sale price" will be determined based on the IPO or non-IPO option of Axel shares.

In the event that "Axel shares" are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is less than the amount of which will be calculated by adding interest over the original selling price (it will be remeasured using a 12 month Euro Libor rates on annual compound basis effective from 2 January 2007) to the original selling price, both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group.

In the event that "Axel Shares" are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is higher than the original selling price, both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined Euro Libor plus 100 base points as of 2 January 2007) to the original selling price would be equally shared between the Axel Springer Group and Doğan Yayın Holding.

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

(c) Commitments and contingent liabilities related to the share acquisition agreement with Commerz-Film GmbH (continued)

In the event that "Axel Shares" are not offered to public by 30 June 2017 and if the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, is less than the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined Euro Libor plus 100 base points as of 2 January 2007) to the original selling price, both the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, and the difference of the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group. If Doğan TV Holding's shares are not listed by the end of 30 June 2017, the fair value based on the above-mentioned techniques would be reassessed, payments would be made to the Axel Springer Group in accordance with the related calculations, and Axel Springer Group's call option of its entire or some portion of "Axel shares" to Doğan Holding and Doğan Holding's put option for the related shares would continue to be in effect.

In the event that Axel Springer group shares are offered to the public between 30 June 2017 and 30 June 2020, any positive difference between the initial public offering value and the initial sales price remeasured as of 31 December 2015 (it will be remeasured using the annual Euro Libor rates on annual compound basis starting from 2 January 2007) including interest calculated from the difference (it will be calculated using the annual Euro Libor rates on annual compound basis effective from 1 July 2017) will be apportioned equally, whereas no transaction will take place for any negative difference.

In accordance with the agreement signed on 19 November 2009, Doğan Yayın Holding shall make a TL cash capital increase in Doğan TV Holding that corresponds to EUR 385.000, and as a result of the capital increase, Doğan TV Holding shares owned by Commerz-Film GmbH shall be diluted to 19,9% from 25%. In January 2010 and May 2010, the premium capital increase of Doğan TV Holding, was completed in two steps. As a result of the capital increase, the shares of Doğan Yayın Holding and Commerz-Film GmbH at Doğan TV Holding A.Ş were 79,71% and 19,9% respectively

For the above matter, Doğan Yayın Holding has determined the fair value of Doğan TV Holding as of 31 December 2012 in order to identify whether it will assume any future financial liability. In accordance with the fair value calculation, there are not any financial liabilities arising from the share acquisition, which represents 19,9% of Doğan TV Holding's capital, by the Axel Springer Group.

The Group is also responsible for any unprovisioned liability arising from tax assessments prior to the closing date of sale agreement as required in the Axel share acquisition and transfer "Agreement". The effect of liability arising from Law no: 6111 in regards to Doğan TV Holding over the share value is compensated in proportion to the share capital to Commerz-Film GmbH. In this content, the payment made to Commerz-Film GmbH amounts to TL 165.523. The related payment has been made on 17 August 2011. Accordingly, Commerz-Film GmbH has participated in the capital increase of Doğan TV Holding from TL 456.554 to TL 1.288.328 through the usage of nominal values in the new share acquisition rights in the share of participation at nominal value. The capital increase has been registered on August 17, 2011. The share interest of Commerz-Film GmbH in Doğan TV Holding (19,9%) have remained still after the capital increase.

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

(c) Commitments and contingent liabilities related to the share acquisition agreement with Commerz-Film GmbH (continued)

Accordingly, the Group has indemnified TL 165.523 of liability arising from Doğan TV Holding and its subsidiaries' undue and on trial tax liabilities in dispute under Law No: 6111 which represents the portion corresponding to Axel Springer Group's current ownership percentage (19,9%). The related liability portion is not recognized under the non-controlling interests account in the consolidated financial statements prepared as of 31 December 2011.

The Group's commitment to purchase a total of EUR 150,000 in respect of IAS 32 "Financial Instruments: Disclosure and Presentation", a portion of the liability in the Group's own equity instead of cash, regardless of ability to pay the amount on the balance sheet at amortized over the estimated value of the financial be submitted as a liability. In this respect, as of December 31, 2012 "DTV Option I" covered liabilities in the accompanying consolidated balance sheet at amortized amount of TL 433,806 (31 December 2011: TL 434.962). The said amount is TL 144,642 (31 December 2011: nil) part of the "short-term financial liabilities", and TL 289,164 (31 December 2011: TL 434,962) amounting to a "long-term financial liabilities are presented as" (Note 8).

(d) Put Options:

OOO Pronto Moscow Opsiyonu

In January 2007, OOO Pronto Moscow, a subsidiary of Hürriyet, a subsidiary of the Group, acquired the majority shares of Impress Media Marketing LLC ("Impress Media"). Accordingly, the Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders without a time constraint, provided that certain conditions are met. The Group has purchased shares as of 25 May, 2012 regarding non-controlling share of 10% by making a payment of TL 970 (USD 528) and the related liability is settled accordingly (31 December 2011: TL 1.097). Group still has the option to purchase the remaining 3% share in the capital of Impress Media. The fair value of the option is determined based on calculation over Impress Media EBITDA and as of 31 December 2012, the short-term portion of the fair value of the put option is TL 154 and is recognized under short-term financial liabilities account (31 December 2011: TL 108).

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

(d) Put Options: (continued)

Oglasnik d.o.o. Opsiyonu

Hürriyet, a subsidiary of the Group, has granted a put option, on the 30% shares outstanding during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o in Croatia. Discussions concerning the use of this option as of the reporting date of these financial statements are still ongoing. As of 31 December 2012, the fair value of the option is calculated as TL 14.261 (USD 8.000) based on various valuation techniques and assumptions and classified in “Other short-term financial liabilities” (31 December 2011: TL 15.111 (USD 8.000)). There is a dispute on the protocol between the contract parties and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A lawsuit has been filed against the Group amounting to EUR 3.645 by the non-controlling interest shareholders regarding the fact that they couldn’t exercise put option. Subpoena related to the lawsuit has been submitted to the Group on March 5, 2012 and the first trial of the lawsuit was held on 12 July 2012.

Moje Delo Option

Hürriyet, a subsidiary of the Group, has acquired a 55% share in Moje Delo d.o.o. (“Moje Delo”) in Slovenia, in 2007. The Group has granted a put option to the selling shareholders on the shares exercisable from April 2013 to October 2013 (6 months). The result of total consideration to be calculated cannot be less than EUR 1.000. If the outcome of the calculation were to be less than the specified amount, the Group would make a payment of EUR 1.000. Group has also call option right for the non-controlling shares on hand from the non-controlling shareholders which is effective from October 2013. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TL 3.792 as of 31 December 2012 (31 December 2011: TL 2.899) and classified in “Other short-term financial liabilities”.(Note 8).

TME Option

The Company has no liabilities in relation to the disputed put option of USD 25.000, which was disclosed in the 31 December 2011 financial statements of Hürriyet, a subsidiary of the Group, and subject to appeal of arbitration before the Zurich Chamber of Commerce because the Company has been notified that the other party has sold the disputed GDR’s to another entity as at 21 March 2012 and the other party has also withdrawn its appeal of arbitration (31 December 2011: TL 47.223) (Note 8). The related transaction has an effect of TL 23.370 of increase in the equity attributable to equity holders of the Parent Company and the related amount is recognized under equity in the financial statements as transactions of shareholders are considered as shareholder transactions in accordance with Paragraph 109 of IAS 1 “Presentation of Financial Statements”.

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

(d) Put Options: (continued)

TME purchase of additional shares

The Group has acquired 6,98% shares corresponding to 3.490.691 (exact) Global Depository Certificates of Trader Media East Limited in consideration of USD 26.250 in accordance with the valuation report issued by an independent valuation company as of 7 March 2012. The related transaction has an effect of TL 28.609 of decrease in the equity attributable to equity holders of the Parent Company and the related amount is recognized under equity in the financial statements as transactions of shareholders are considered as shareholder transactions in accordance with Paragraph 109 of IAS 1 “Presentation of Financial Statements”.

(e) Improvements at the Competition Authority:

Upon the Competitive Board’s notification issued on 17 September 2009, Doğan Yayın Holding, Hürriyet, Doğan Gazetecilik, Bağımsız Gazetecilik and Doğan Daily News were informed that they are subject to an investigation in order to determine whether these companies have violated any provisions of Law 4054 in relation to “Advertisement area sales” in the print media. The Group has made an objection to the initial response session of the ongoing investigation claiming that Doğan Yayın Holding’s operations are not in the form of “Advertisement area sales” in the printed media and Doğan Daily News is not an operating company..

Based on the investigation undertaken by the Competition Authority as of 5 April 2011, Hürriyet, Doğan Gazetecilik and Bağımsız Gazetecilik are charged with an administrative penalty fee of TL 3.805, TL 2.316 and TL 444, respectively. On the other hand, the Authority did not charge any administrative penalty for Doğan Daily News (a dormant company) and Doğan Yayın Holding, to avoid imposing multiple charges. The Group has provided a total of TL 4.923 of provision in relation to the charges in the accompanying financial statements. The total amount consists of TL 2.853 of provision for Hürriyet and TL 2.070 of provision for Doğan Gazetecilik and Bağımsız Gazetecilik. For the annulment of this decision, a lawsuit has been filed before the council of state.

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

(f) Other

Milpa:

The Land of Ömerli

The land owned by Milpa, a subsidiary of the Group, located in Kurtdoğan village, Pendik district, İstanbul province, classified as investment property in the consolidated financial statements, 144.266 m² of the land was removed from forestry land with a court decision taken in 2005. 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 (removing from forestry land) are sent to the Pendik Court of First Instance for re-evaluation. The Court reiterated its initial decision on 8 October 2009. The Ministry of Forestry appealed the Court's decision and the related case file was re-sent to the Civil Department No: 20 of the Court of Appeal and re-transferred to the Pendik Court of First Instance Aforesaid Court follows the Supreme Court 20th Civil Chamber's reversal decision and has postponed the trial date to 7 May 2013 with the purpose of re-exploration and evaluation of Forestry Ministry's claims

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area. Milpa appealed this plan with the İstanbul Metropolitan Municipality within the legal deadline and is waiting for related responses. In case of an adverse decision taken by the İstanbul Metropolitan Municipality against Milpa, legal proceedings will be taken contrary to decision.

Pendik, Kurtdoğan change in the zoning plan of the land in the village and on the objection to this change, as of the date of preparation of these financial statements have not yet responded on the property's fair value and the resulting uncertainty due to the appeal, the legal process will continue to be assessed according to the developments will occur in the subsequent periods.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(f) Other (continued)

Petrol Ofisi A.Ş.:

Under the agreement entered into with the Group (The "Company", "Vendor") and OMV (The "Buyer") in regards to the share transfer of POAŞ on 22 December 2010, the Company may be required to assume some of the certain liabilities which may arise from the following conditions set out briefly subsequent to the share transfer:

"Except for any losses and/or tax payables of the Buyer and/or any Group companies arising from any claims made by any authorities in regards to events or conditions occurred subsequent to the closing date and any statements and warranties in regards to restricted property rights and Vendor conditions, each contract party agrees and commits to indemnify any losses, damages and liabilities (Losses) arising from the violation of any statements and warranties and assume any losses, damages and liabilities (Losses) of the contract party that is exposed to such breach within 3 years of time. The Vendor commits to pay an indemnity that will not exceed USD 175.000.000 (exact)– 54,14% of the related Losses and/or Tax payables- to the Buyer for any losses and/or tax payables of the Vendor and/or any Group companies arising from any restrictions of a Group company or any claims made by any authorities against a Group company in regards to events or conditions occurred subsequent to the closing date, except for any losses derived from negligence or any violations of statements and warranties in regards to restricted property rights and Vendor conditions. The related liability is terminated after the occurrence of other conditions unless the Buyer files an application in writing to the Vendor within 6 (six) weeks following the notification of the Authority's definite and unappealable verdict to the Buyer/Group Company. Except for any claims based on unrecognized liabilities as of signing date derived prior to third party signatures, the Vendor shall not undertake any third party claims."

As a result of POAŞ's decision on making use of the tax base increase requirements set out in Law No: 6111, tax base increase amount attributable to 2008 and 2009 of the consideration made by POAŞ is assumed by the Group in proportion to the Group's issued capital under the contract terms summarized above and TL 12.432 was paid to OMV accordingly on 14 July 2011. The related amount is recognized as other expenses in the consolidated financial statements prepared for the period ended as of 31 December 2011.

As the result of POAŞ decided to benefit from the arbitrament related to tax liabilities in dispute under Law No: 6111, the tax penalty amount which belongs to year 2003 and paid by POAŞ, is referred to the Group by the share proportion owned by the Group at this date ,according to the agreement specified above. USD 2.012 equivalent of TL 3.285, is paid to OMV on 29 June 2011.

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NOTE 18 – COMMITMENTS

Collaterals, pledges and mortgages (CPM) given by the Group at 31 December 2012 and 31 December 2011 is as follows

	31 December 2012					31 December 2011				
	TL Equivalent	TL	USD	EUR	Other	TL Equivalent	TL	USD	EUR	Other
A. CPM's given in the name of its own legal personality										
Guarantees (1)	489.551	71.739	29.124	155.229	2.709	135.093	111.380	7.717	3.332	2.575
Pledge (2)(5)	226.354	226.354	-	-	-	226.354	226.354	-	-	-
Mortgage (3)	395.536	-	213.312	6.500	-	420.254	404.369	-	6.500	-
B. CPM's given on behalf of the fully consolidated companies 1										
Guarantees (1)(4)	3.417.325	175.080	1.429.350	288.031	8.710	3.034.844	132.409	1.422.200	88.404	-
Pledge (5)	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business										
Guarantees	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
D. Total amount of other CPM's given										
i) Total amount of CPM's given on behalf of the majority shareholder										
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C										
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C										
Total	4.528.766					3.816.545				

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

(2) As the details are explained in Note 8, 11,3% (226.354,060 (exact) shares) of Doğan Yayın Holding shares, 13,3% (73.200,000 (exact) shares) of Hüriyet shares, 49% (24.500,000 (exact) shares) of Kanal D shares, 67,3% (33.649,091 shares) of TME shares, 33% (6.996,000 exact) shares) of Boyabat Elektrik, 33,33% (15.000,000 (exact) shares) of Aslançık Elektrik shares, %100 (8.000 (exact) shares) of Akdeniz , %100 (68.700 (full) shares) of Galata Wind and %100 (141.500,000 (exact) shares) of Nakkaştepe Elektrik have been given as pledges to financial institutions due to Group's long term financial liabilities and have not been included to the above table. 1,3% shares of Doğan Yayın Holding (226.354,060 (exact)), 13,3% shares of Hüriyet (73.200,000 (exact) shares) have been taken back with the usage of the above-mentioned "call" option right and selling 22% of shares of Doğan Gazetecilik 22% in consideration for USD 122.323 U.S. to Doğan Yayın Holding. In addition, 67,3% shares of TME (33.649,091 (exact) shares) has been repurchased as a result of full payment of participation loan borrowed as at 4 January 2013 in relation to the acquisition of TME

(3) There is a mortgage amounting to TL 380.250 given to financial institutions in return for credit received for Group's joint venture Aslançık Elektrik's hydro energy production facility which is planned to be located in Giresun's Doğankent district (31 December 2011: TL 402.925). Besides, there is a mortgage amounting to TL 15.286 over the tangible fixed assets of Group's subsidiary Hüriyet as of 31 December 2012 (31 December 2011: TL 17.329).

(4) It is about long term project financing loan amounting to USD 750.000 which has been obtained qua joint and several guarantor with other shareholder groups (Note 4), within the scope of Boyabat Elektrik's hydroelectric power plant Project that is scheduled to be completed until the end of 2012. As of 31 December 2012, Boyabat Elektrik used USD 746.333 amounting loan portion provided (31 December 2011: USD 674.333). Doğan Holding has bail amounting to USD 45.309 given to credit institutions within the scope of Aslançık Elektrik's hydroelectric power plant construction that is planned to be completed in 2013 (31 December 2011: USD 24.354).

(5) 100% shares of D Yapım (1.124.682,616 (exact) shares), of Doğan Prodüksiyon (1.087.582,624 (exact) shares) and of Alp Gürsel (1.068.595,605 (exact) shares) all of which are owned by Doğan TV and 43 properties belonging to third parties and a bank letter of guarantee are given as guarantees to the Tax Offices; and they are not included to the above table in the prior year. Under the requirements of law no: 6111, Group has paid all its liabilities and applied to the related tax authorities for the return of guarantees mentioned above and the guarantees have been taken back in October 2012

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 18 - COMMITMENTS (Continued)**a) Letters of guarantees and guarantee notes given (continued):**

Other CPM given by the Group to equity ratio is 0,0% as of 31 December 2012 (31 December 2011: 0,0%). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 December 2012		31 December 2011	
	Original Currency	TL equivalent	Original currency	TL equivalent
Letters of guarantees - EUR	230.622	542.354	37.431	91.474
Letters of guarantees - TL	73.193	73.193	114.529	114.529
Letters of guarantees - USD	29.940	53.371	14.099	26.632
Letters of guarantees - Other	2.709	843	2.575	995
Guarantee notes - TL	25.750	25.750	204	204
Guarantee notes - EUR	782	1.839	25	61
Guarantee notes - USD	134.960	240.580	-	-
Total		937.930		233.895

Doğan TV Holding, one of the subsidiaries of Doğan Yayın Holding, has given letters of guarantees amounting to EUR 72.000 to UEFA (Union Européenne de Football Association or Union of European Football Associations) in 2008 for broadcasting rights of UEFA Champions League, UEFA Super Cup and UEFA Cup games for the period 2012-2015.

As mentioned Note 17 ,as per the Amendment Agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as at 10 February 2012. In addition, a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares were given in the same period to be used as of January 2015.

(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 2012 and 31 December 2011 are as follows::

	31 December 2012		31 December 2011	
	Original Currency	TL equivalent	Original Currency	TL equivalent
Bails - EUR	211.856	498.223	54.280	132.649
Bails - USD	1.293.573	2.305.923	1.415.817	2.674.337
Bails - TL	147.875	147.875	129.056	129.056
Bails - CHF	8.634	16.925	-	-
Mortgages - EUR	6.500	15.286	6.500	15.885
Mortgages - USD	213.312	380.250	-	-
Mortgages - TL	-	-	404.369	404.369
Total		3.364.482		3.356.296

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NOTE 18 - COMMITMENTS (Continued)

(c) Barter agreements

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

As of 31 December 2012, the Group has a commitment for the publication of advertisements amounting to TL 34.677 (31 December 2011: TL 22.130) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 12.825 (31 December 2011: TL 18.567) in exchange of the goods or services sold.

NOTE 19 - PROVISION FOR EMPLOYMENT BENEFITS

	31 December 2012	31 December 2011
Non-Current Provisions		
Provision for employment termination benefits	98.377	49.311
	98.377	49.311

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 or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 December 2012 the amount payable maximum equals to one month of salary is TL 3.033,98 (exact) (31 December 2011: TL 2.731,85 (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 Doğan Yayın Holding and its subsidiaries, joint ventures and associates registered in Turkey. CMB's Financial Reporting Standards require developments on the actuarial valuation methods to estimate the Group's employee termination benefit liability under defined benefit plans. Accordingly, the following actuarial assumptions were used in accordance with the report prepared by the actuarial firm in the calculation of the total provision

- Discount rate of 7,69% (31 December 2011: 10,01%), inflation rate of 4,98% (31 December 2011: 5,10%) and rate of increase in real wages of 4,98% is considered in the calculation.
- The calculation is made based on the maximum salary rate of TL 3.033,98 effective as of 31 December 2012 (31 December 2011: TL 2.731,85)
- Age of retirement is based on the minimum retirement age.
- CSO 1980 mortality table is used for male and female mortality rates.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 19 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

The movements in the provision for employment termination benefits for the periods ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
1 January	(49.311)	(46.895)
Current period service cost from continued operations	(6.071)	(15.312)
Payments during the period from continued operations	13.135	9.499
Net interest expense regarding defined benefit plan	(4.895)	(2.137)
Deficit related to payments/ decrease in benefits/lay off	(3.991)	-
Current period service cost from discontinued operations	-	(6.179)
Reversal of provisions for discontinued operations	-	11.816
Actuarial loss	(47.244)	(103)
31 December	(98.377)	(49.311)

Total costs excluding the actuarial loss regarding employment benefits are presented in consolidated statement of income prepared as of 31 December 2012. As explained in Note 2.1.6, actuarial loss amounting to TL 47.244, is presented in other comprehensive income as of 31 December 2012. Total costs regarding employment benefits as of 31 December 2011 are presented in consolidated statement of income as explained in note 2.1.7.

NOTE 20 - OTHER ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
Other current assets		
Blocked deposits ⁽¹⁾	214.809	79.564
Value Added Tax ("VAT") receivable	48.816	35.309
Prepaid expenses	27.377	21.322
Advances given	20.606	20.545
Prepaid taxes	19.229	8.640
Work advances	12.122	5.347
Personnel advances	9.732	13.894
Income accruals	6.707	4.687
Programme stocks	9.120	63.198
Tax receivables	-	515
Other	7.950	17.303
	376.468	270.324
Provision for impairment for programme stocks (Note 25)	(1.081)	(1.081)
Other provision for doubtful receivables	(747)	(833)
	374.640	268.410

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 20 - OTHER ASSETS AND LIABILITIES (continued)

	31 December 2012	31 December 2011
Other non-current assets		
Long term restricted deposits ⁽²⁾	17	132.425
Blocked deposits ⁽¹⁾	235.458	-
Value Added Tax ("VAT") receivables	199.708	167.805
Advances given and prepayments ^{(3) (4) (5)}	27.076	62.657
Prepaid expenses	7.000	5.217
Deposits and guarantees given	140	22
Other	6.255	5.803
	475.654	373.929

(1) As of 31 December 2012, Doğan Holding's time deposit amounting to USD 25.500 (TL: 45.456) and USD 25.000 (TL: 44.565) has been blocked to be guarantee for the loans used by Mozaik and Hürriyet (As of 31 December 2011, Doğan Holding's USD 25.000 (TL: 47.223) and USD 15.000 (TL: 29.728) were blocked to be guarantee for the loans used by Hürriyet and Mozaik, respectively.) As of 31 December 2012 Doğan Holding's time deposit amounting 70.000 USD (TL 124.782) has been blocked to be guarantee for the loans used by TME and Mozaik and accounted under other current assets. Short term time deposits of Akdeniz and Galata amounting TL 5 and TL 122 accounted under other current assets.

(2) Within the scope of 28 February 2012 dated modification agreement signed between the Company and Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH, time deposit amounting to EUR 100.000 (TL :235.170) has been blocked to be guarantee regarding Doğan TV Holding shares' purchase option (As of 31 December 2011, Dogan Holding's time deposit amounting to USD 70.000 (TL 132.223) has been blocked to be guarantee for the loans used by TME.) (Note 8). Additionally, long term blocked deposits of Çelik Halat and Doğan Yayın Holding amounting TL 288 accounted under other non current assets. (31 December 2011: Çelik Halat TL 202)

(3) Advances given and prepayments amounting to TL 20.439 (31 December 2011: TL 31.980) consist of prepayments made by Doğan TV Holding, one of the subsidiaries of Doğan Yayın 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 will be refunded to Doğan TV Holding in the cancellation of games.

(4) TL 3.180 (31 December 2011: TL 3.180) of the advances given and prepayments includes the expenses caused by the landowners and advances given to the landowners who passed their shares of the real estate Project in the land of Ömerli by Milpa which is a subsidiary of the Group for the part of the proceeds. %25 of the revenues of the project which Milpa is planning to develop, about the houses and offices will be committed and set-off to the landowners revenue-sharing or flat received from contractor for landownership by the proportion of their shares.

(5) TL 3.244 (31 December 2011: TL 18.844) of advances and prepayments are advances given for Group's joint ventures Boyabat Elektrik and Aslancık Elektrik's fixed asset purchase.

Other Current Liabilities

	31 December 2012	31 December 2011
Deferred Revenue	30.564	45.909
Provision for unused vacation liability	37.065	33.351
Expense accruals	19.950	17.264
Provision for broadcasted programmes	1.076	3.306
Arbitration Liability ⁽¹⁾	-	22.412
Provision for tax liability in dispute regarding 6111 law (Note 17)	-	264.484
Tax base increase liability regarding 6111 law (Note 17)	-	9.405
Other	6	36
	88.661	396.167

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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

NOTE 20 - OTHER ASSETS AND LIABILITIES (continued)

The movements in the provision for unused vacation for the periods ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	(33.351)	(27.497)
Additions in the current period	(10.110)	(18.327)
Effect of joint ventures	(610)	-
Additions in the current period from discontinued operations	-	(617)
Reversal of provisions in the current period from discontinued operations	-	3.742
Payments related with provisions	7.015	9.664
Currency translation difference	(9)	(316)
31 December	(37.065)	(33.351)

Other non-current liabilities

	31 December 2012	31 December 2011
Deferred income	12.364	592
Tax liability in dispute regarding 6111 law	-	391.076
Tax base increase liability regarding 6111 law	-	13.907
Other	139	8
	12.503	405.583

- (1) Arbitration procedure regarding Doğan Holding's subsidiary Dış Ticaret Bankası A.Ş.'s total 277.828.946.000 (exact) shares representing 62,6% of its capital that continues in the presence of Zurich Chamber of Commerce which is related to payment of tax debt to Fortisbank accrued in the period before the share transfer and emerged after the 4 July 2005 dated share transfer to Fortisbank was finalized against the Company. As of 31 December 2011, the Group was recorded the effect of TL 22.412 into events after the balance sheet date and this amount has been followed in "other current liabilities" and "other operating expenses" accounts.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

NOTE 21 - EQUITY

Doğan Holding adopted the registered paid-in capital system available to companies registered with the CMB and set a limit on its registered paid-in capital representing registered type shares with a nominal value of TL 1 Doğan Holding's authorized, historical and paid-in share capitals at 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Limit on registered capital	4.000.000	4.000.000
Issued capital	2.450.000	2.450.000

There are no privileged shares of Doğan Holding.

The ultimate shareholder of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner ve Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity at 31 December 2012 and 31 December 2011 are as follows:

Shareholder	Share %	31 December 2012	Share %	31 December 2011
Adilbey Holding A.Ş.	52,68	1.290.679	52,68	1.290.679
Doğan Family ⁽¹⁾	14,48	354.664	13,94	341.597
Publicly traded on Borsa İstanbul ⁽²⁾	32,84	804.657	33,38	817.724
Issued capital	100	2.450.000	100	2.450.000
Adjustment to issued capital		143.526		143.526
Toplam		2.593.526		2.593.526

(1) Doğan Family's share has increased to 14,48% (TL 354.664) as a result of purchasing 13.067.534 shares from ISE on 17 January 2012, 18 January 2012, 20 January 2012, 13 April 2012, 16 April 2012 and 30 April 2012.

(2) In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 31,97 % of the shares (31 December 2011: 32,46%) are outstanding as of 30 September 2012 based on the Central Registry Agency's ("CRA") records. 34,29% of Doğan Holding's shares are publicly available.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

NOTE 21 – EQUITY (Continued)

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 issued and amounts before inflation adjustment.

Restricted Reserves Assorted From Profit

Restricted Reserves Assorted From Profit are appropriated from retained earnings because of legal or contractual requirements; or because of specified purposes other than profit distribution (for example: in order to utilize the tax advantage of sales of equity participations).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s issued capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the issued capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of issued capital. The afore-mentioned amounts shall be classified in “Restricted Reserves” in accordance with the CMB’s Financial Reporting Standards.

Investment Property Revaluation Reserves

Real estates recognized as property, plant and equipment in prior periods, due to changes in usage patterns can be transferred to investment property. The Group has reclassified some of its investment properties in the year 2012 as investment property in this regard and presented them from fair value method. Accordingly, fair value at the first transfer amounting to TL 1.334 is recognized under revaluation surplus fund in the shareholders equity.

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; “Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves” are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity. All equity inflation adjustments are only available for bonus shares or loss deduction; and carrying value of extraordinary reserves are only available for cash profit distribution or loss deduction.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

NOTE 21 – EQUITY (Continued)

Capital Reserves and Retained Earnings (continued)

In accordance with the Communiqué No:XI-29 and related announcements of the CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the application of the requirements set out in the communiqué (such as, inflation adjustment differences) shall be disclosed as follows:

- if the difference is due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital, it should be classified under "Inflation Adjustment To Share Capital";
- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Other equity items are carried at the amounts valued in accordance with CMB's Financial Reporting Standards. Capital adjustment differences can only be included to capital.

Financial assets fair value reserves

Financial assets fair value reserve is derived from unrealised gains and losses arising from net changes in fair value of securities classified as available – for – sale with deferred tax effect.

Dividend Distribution

If the Company decides to distribute dividends regarding the decision of general assembly of public companies, the distribution of the relevant amount may be realized as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends are required to distribute the first amount in cash. . The Assembly Resolution issued on 9 January 2009 requires the disclosure of total amount of other reserves, which can be included in dividend and net profit after deducting legal accumulated losses in the notes to the publicly disclosed financial statements prepared in accordance with the requirements of Communiqué XI-No. 29.

At the ordinary general assembly of the of Doğan Holding at 27 June 2012, it is concluded that;

- Under the requirements of the CMB's Communiqué Serial:XI, No.29, based on the audited consolidated financial statements prepared for the period 1 January 2011 – 31 December 2011 in accordance with IAS and IFRS, the Group's "Net Loss for the Period" is calculated as TL 1.091.033, considering its "current period tax expense", "deferred tax expense" and "non-controlling interests". Therefore, the Group has decided not to distribute any profits for the period 1 January 2011 – 31 December 2011 based on the CMB's profit distribution requirements and the related matter would be submitted to the approval of the General Assembly.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

NOTE 21 - EQUITY (continued)

Dividend Distribution (continued)

-In 1 January 2011-31 December 2011 financial records kept under Turkish Commercial Code ("TCC") and Tax Procedural Law, TL 445.889 "profit for the period" has been detected; in accordance with TCC 466/1 article, "I. legal reserve" amounting to TL 22.294 has been decided to be allocated over the "profit for the period" and remaining amount TL 423.595 to be transferred to "extraordinary reserve".

The CMB's requires the disclosure of total amount of net profit remaining portion from retained earnings in the statutory records and other resources which may be subject to distribution in the financial statements prepared in accordance with Communiqué Serial XI, No: 29. The Company's gross amount of resources that may be subject to the profit distribution based on the statutory records amounts to TL 1.512.314.

The shareholders equity of Doğan Holding is as below:

	31 December 2012	31 December 2011
Share capital	2.450.000	2.450.000
Adjustment to share capital	143.526	143.526
Share premium	2.362	2.362
Increase in fair value of available for sale financial assets, net	2.092	(4.056)
Translation reserve	53.688	67.538
Restricted reserves assorted from profit	1.204.043	1.181.749
- <i>Legal reserves</i>	124.163	101.869
- <i>Gain on sale of equity participations</i>	1.079.880	1.079.880
Gains on revaluation of investment property	1.002	-
Retained earnings/loss	(831.377)	(17.517)
Net income/(loss) for the period	155.671	(753.735)
Total shareholders' equity	3.181.007	3.069.867

NOTE 22- SALES AND COST OF SALES

	2012	2011
Domestic Sales	3.087.937	2.868.024
Foreign Sales	495.969	479.883
Sales returns	(367.080)	(342.934)
Sales discount	(60.302)	(144.295)
Net sales	3.156.524	2.860.678
Cost of sales (-)	(2.211.509)	(2.060.810)
Gross Profit	945.015	799.868

Sales income and cost of sales

The details of operating revenue for the years ended 31 December 2012 and 2011 are disclosed in Note 5 - Segment Reporting.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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

NOTE 23 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	2012	2011
Selling, marketing and distribution expenses	411.229	381.169
General administrative expenses	409.553	394.371
Operating expenses	820.782	775.540

NOTE 24 - EXPENSES BY NATURE

The details of cost of sales, marketing, selling and distribution expenses and general administrative expenses for the year ended as at 31 December 2012 and 2011 are as follows:

	2012	2011
Personnel expenses	629.099	613.304
Cost of trade goods sold	768.800	689.747
General production overhead	366.250	313.706
Raw material and supplies	334.080	331.235
Depreciation expenses ^{(1) (2)} (Note 14)	209.595	216.827
Advertisement expenses	84.041	91.916
Rent expenses	72.502	46.017
Transportation, storage and travel expenses	62.631	50.821
Expenses related to telecommunication services	43.861	77.186
Consulting expenses	50.475	31.657
Promotion expenses	22.182	26.308
Satellite usage fees	23.784	20.450
Radio and television supreme council ⁽³⁾	17.701	19.042
Communication expenses	14.514	11.071
Dealers and commission expenses	5.825	37.729
Miscellaneous tax expenses	10.086	10.102
Tamir ve bakım giderleri	2.904	2.948
Non-deductible expenses	371	8.795
Agency commission expenses	19.389	20.406
Other	294.201	217.083
	3.032.291	2.836.350

- (1) As of 31 December 2012, TL 387 (31 December 2011: TL 486) of depreciation and amortization expenses and redemption is reflected in stocks TL 19 amount is accounted under investment property.
- (2) TL 1.696 of depreciation and amortization expenses derived from the subsidiary shares of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011 is recognized under the discontinued operations account on 31 December 2011 financials. TL 13.207 of depreciation and amortization expenses of television programme rights derived from the subsidiary and brand disposal of Işıl Televizyon Yayıncılık A.Ş. (Star TV) on 3 November 2011 is recognized under the discontinued operations account on 30 September 2011 financials.
- (3) 3% of monthly gross commercial communication income, excluding programme support income, of media service providers are classified as Supreme Council income in accordance with Article 41 (ç) of the "Establishment and Broadcasting of Radio and Television Companies" Law, which was published in the Official Gazette No: 27863 on 3 March 2011. Accordingly, 5% of commercial income that was previously retained as per the revoked Law No: 3984, has been decreased to 3% with the effect of the new requirement

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 25 - OTHER OPERATING INCOME/EXPENSES

	2012	2011
Other operating income:		
Gain on sales of property, plant and equipment and intangible assets ⁽¹⁾⁽⁵⁾	185.521	7.269
Annulment indemnity of put option agreement of Turner ⁽²⁾ (Not 10)	45.767	-
Terminated provisions	38.997	39.712
Revenue from the corporate income tax return ⁽³⁾	19.788	-
Appreciation on investment property	11.895	7.418
Rent income	3.802	4.314
Gain on sale of subsidiary shares	2.436	2.019
Reversal of provision of tax penalties (Not 17)	-	4.977
Gain on sales of asset held for sale ⁽⁴⁾	-	11.278
Usage of vat discount (Not 2.3.1 b)	2.069	405
Other	31.285	22.157
	341.560	99.549

- (1) TL 142.905 of the total amount consists of the sale of land including Hürriyet building at 27 January 2012. TL 142.905 consists of the sale of Hürriyet building in the current period (Note 31), TL 1.217 consists of the sale of printing centers of Pronto Moscow (Note 31), TL 28.099 consists of the sale of land in Esenyurt of the Group. Based on Group management decision, Corporate tax law article 5-1/e exempted portion (75%) of total gain recorded to legal records for the amount of TL 126.235 on sale of Hürriyet building and land in Esenyurt, is not subjected to profit distribution of the period 1 January 2012 – 31 December 2012 in accordance with Tax Legislation, Capital market Board regulations and other related regulations and recorded under a special funds in liability accounts.
- (2) As of 31 December 2011, TL 47.222 (USD 25.000) in the total advances received amount is the advance received for the joint venture agreement of Eko TV signed between Doğan TV Holding and Turner Broadcasting System International Inc. ("Turner") at 17 July 2007. Within the scope of this agreement, Doğan TV Holding has granted a call option to Turner for the 25% of the shares of Eko TV until the year 2017. In accordance with the amendment to the Law no: 6112 "Establishment and Broadcasting Services of Radio and Television Companies" published in the official Gazette on March 3, 2011, this option has become available and exercisable to Turner. As of 14 June 2012, Doğan TV Holding and Turner's joint venture agreement is terminated and the related option is not exercised. Therefore, USD 25.000 recognized as advances received in the 31 December 2011 financial statements (30 September 2012: TL 45.767) is recognized under other operating income in the current period.
- (3) Tax for Company's dividend income from OMV Petrol Ofisi A.Ş amounting TL 395.699 was paid in April 2011 after reservation. Opened legal case on İstanbul 5.th Tax court and numbered 2011/1229 based on exception in corporate tax of dividend income from related parties on tax court result in favor of the Company, dated 6 July 2012 and numbered 2012/1789. After the result of tax court decision, overcharged corporate tax amounting TL 19.785 has been collected on 2 August 2012 from the Company.
- (4) Profit generates from the sales of its shares in Ray Sigorta, one of the available for sale financial assets of Group.
- (5) TL 480 of gain on sale of property, plant and equipments is reclassified to discontinued operations as of 31 December 2011.

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

NOTE 25 - OTHER OPERATING INCOME/EXPENSES (Continued)

	2012	2011
Other operating expense:		
Provision for doubtful receivables (Note 9) ⁽²⁾⁽⁵⁾	(40.344)	(32.018)
Expenses associated with withdrawal from 2. and 3. stages of Milpark Project ⁽¹⁾	(25.110)	-
Impairment of goodwill (Note 15)	(21.278)	(103.895)
Loss on sale of property, plant and equipment ⁽⁶⁾	(18.355)	(7.475)
Provision for lawsuits (Note 17)	(12.986)	(7.380)
Donations	(9.246)	(4.856)
Other penalties and compensations paid	(4.913)	(4.420)
Provision for impairment on inventory (Note 11)	(3.813)	(1.665)
Provision for impairment of programme rights and stocks (Note 14)	(1.868)	(3.655)
Expense of inventory count differences	(1.252)	(279)
Decrease in fair value of investment property	(634)	(603)
Tax base increase (3)(4) regarding 6111 law	-	(89.560)
Tax liability in dispute (4)	-	(844.993)
Competition authority penalty	-	(4.923)
Withholding tax provision (Note 17)	-	(1.751)
Impairment of property, plant and equipment and intangible assets (Note 14)	-	(24.597)
Impairment on terrestrial broadcasting rights ⁽⁷⁾	-	(23.500)
Provision for arbitratin liability	-	(22.412)
Tax base increase	-	-
Other	(15.369)	(35.421)
	(155.168)	(1.213.403)

(1) Group's subsidiary Milpa has decided to abandon the construction of 2nd and 3rd stages of "Milpark Project" by taking into consideration of excess housing supply in the region and pricing risk and additional financial burden. As result of this decision, "Termination Agreement" dated on 16 May 2012 was signed between Milpa and the land owner ("Proprietor") by providing mutual agreement. In accordance with the "Termination Agreement", expenses amounting to TL 25.049 which is related with independent sections transferred free of charge to the landowner are detailed below:

Construction cost which related with 2. And 3. Section (which was recognized in long term inventory account as of 31 December 2011)	18.096
Cost of 1.001 m2 independent section which is transferred to land owner	1.505
VAT cost of invoices performed for landowner	4.094
Dues, real estate expense related with transferred independent sections	1.371
Expense of fixed assets used in Milpark sales offices	44
	25.110

(2) Provision for doubtful trade receivables amounting to TL 3.626 reclassified to discontinued operations.

(3) TL 5.950 of tax base increase expense is recognized under the discontinued operations as of 31 December 2011.

(4) Tax liability in dispute is shown net of TL 21.196 amount of reversal of provisions for the previous years' tax lawsuits.

(5) The provision amount calculated for trade receivables transferred with the closing balance sheet in relation to the sale of Işıl TV as at 3 November is TL 3.375. This amount is measured at the net received amount and associated with the profit/loss on sale.

(6) TL 3.385 of loss on sale of property, plant and equipment is recognized under discontinued operations as of 31 December 2011.

(7) Doğan TV Holding, one of the subsidiaries of the Group, has booked an impairment of TL 23.500 as of 31 December 2011 for the broadcasting license of CNN Turk by taking into consideration the effects of the new RTSC Law No: 6112 and communique and regulations regarding the distribution of terrestrial broadcasting licences related with this law and taking into consideration redistribution of these licenses by giving priority to the license owners.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 26 - FINANCIAL INCOME

Financial income for the periods ended as at 31 December 2012 and 2011 are as follows:

	2012	2011
Foreign exchange gain	205.502	697.752
Deferred finance expense and credit finance income due to purchase with maturity ⁽¹⁾	57.885	51.338
Interest income		
- Interest income on bank deposits ⁽²⁾	167.540	199.391
- Interest income on securities	141	-
Other interest and commissions	32.860	23.595
	463.928	972.076

(1) TL 6.170 of finance income from purchase with maturity is recognized under discontinued operations at 31 December 2011.

(2) TL 43 of interest income on bank deposits is recognized under discontinued operations at 31 December 2011.

NOTE 27 - FINANCIAL EXPENSE

Financial expense for the periods ended as at 31 December 2012 and 2011 is as follows:

	2012	2011
Foreign exchange loss	(253.818)	(541.917)
Interest expenses		
- Interest expense on bank borrowings ⁽²⁾	(98.607)	(120.295)
- Tax liability in dispute finance expense regarding 6111 law (Not 17) ⁽¹⁾	(19.418)	(38.595)
Tax base increase finance expense regarding 6111 law (Not 17)	(697)	(1.372)
Deferred finance income and credit finance expense due to sales with maturity ⁽³⁾	(17.378)	(17.554)
Bank commission expenses	(19.748)	(10.197)
Other	(40.918)	(40.512)
	(450.584)	(770.442)

(1) As of 28 September 2012, The Group has paid the total remaining liability which has been paid in every two months from 1 June 2011 including the 9th installments. During the payment, with the recalculation made by the tax office earned interest deduction is netted-off against finance expenses during the year. TL 25.896 of interest is netted-off against tax liability in dispute finance expense and TL 915 is netted-off against tax base increase finance expense from current period interest expense.

(2) TL 1.729 of interest expense on bank borrowings is recognized under discontinued operations at 31 December 2011

(3) TL 4.745 deferred finance expense from purchases with maturity is recognized under discontinued operations at 31 December 2011.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The details of the disposal of subsidiaries and assets and disposal plans on the property, plant and equipment of the Group as of 31 December 2012 and 31 December 2011 are as follows:

a) *Transfer of Shares of Subsidiaries and Asset Sale*

The Group's filed application in relation to the transfer of all brands, royalties and internet domain names (milliyet.com.tr; milliyet.com; milliyetmlak.com.tr etc.) pertaining to the Milliyet Newspaper in consideration of USD 47.960 (TL 73.595) plus VAT and its 1.289.996 shares of Bağımsız Gazeteciler Yayıncılık A.Ş. with a nominal value of TL 100 each, comprising all brands, royalties and domain names pertaining to the Vatan Newspaper, in which it holds 99,99% participation amounting to TL 129.000 of capital in consideration of USD 26.000 (TL 39.897) to DK Gazetecilik ve Yayıncılık A.Ş., a joint venture company formed by Demirören and Karacan Group was approved by the Competition Authority on 28 April 2011 and the related transfer transactions were completed as of 2 May 2011 upon the satisfaction of all closing conditions.

The Group and DK Gazetecilik ve Yayıncılık A.Ş. have a mutual understanding of the following: transferring of all personnel related to all brands, royalties and internet domain names pertaining to the Milliyet Newspaper with all their rights; share transfer of Bağımsız Gazeteciler Yayıncılık A.Ş. as of the closing balance sheet date prepared on 2 May 2011 by offsetting any of its liabilities/encumbrances and any receivables; if such treatment is inapplicable, offsetting liabilities that cannot be recoverable from receivables against the share transfer consideration by the deduction of liabilities against the first installment payments, or if receivables are higher than liabilities, addition of difference amount between liabilities and receivables to the sale price; restricting the total liability that may arise from termination pay, retirement pay and leave of absence to 15% in the termination of employment contracts by DK Gazetecilik ve Yayıncılık A.Ş. and Bağımsız Gazeteciler Yayıncılık A.Ş. during the share transfer period. As a result of this mutual understanding, TL 3.577 and TL 1.765 of discount have been applied to the Milliyet Newspaper and Bağımsız Gazeteciler Yayıncılık A.Ş., respectively, over the sale price as the cost of termination of employment contracts. In addition, TL 3.269 of discount has been applied over the sale price of Bağımsız Gazeteciler Yayıncılık A.Ş. as a liability amount that cannot be recoverable from receivables.

The payment schedule will include TL 20.000 of advance payment at the sign date of the contract (20 April 2011), TL 20.000 of cash payment no later than 31 May 2011 and 40 monthly installments of the remaining portion starting from 2012. For installment payments in 2012, 2013, 2014 and 2015, as of closing date, Libor+2,5, Libor+3,5, Libor+4,5 and Libor+5,5 interest rate will be applied, respectively. Libor interest rate is applied for 6 months and this rate is calculated every six months and is determined on a fix rate basis for the following six-month period.

TL 20.000 of cash payment was made on 31 May 2011, less any discounts applied and closing balance sheet reconciliations mentioned above. The payment of the remaining USD 47.893 is received as 40 bonds and classified as USD 7.184 of short term bond and USD 40.709 of long term bond as of 2 May 2011.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

a) Transfer of Shares of Subsidiaries and Asset Sale (Continued)

Operating results and sale proceeds of subsidiaries up until disposal of Bağımsız Gazeteciler and all brands, royalties and internet domain names of Milliyet are detailed as follows:

	30 April 2011
Sales	49.426
Cost of Sales (-)	(37.149)
Gross Profit	12.277
Marketing, sales and distribution expenses (-)	(18.293)
General administration expenses (-)	(6.265)
Other operating expenses (net)	(2.629)
Financial expenses (net)	(797)
Loss before income tax from discontinued operations	(15.707)
Tax (expense) from discontinued operations	(699)
Current period tax charge	-
Deferred tax charge	(699)
Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares	(16.406)
Gain on sale of brand and subsidiary shares	16.589
Sales income tax (expense)	(6.541)
Discontinued operations	
Net (loss) from discontinued operations after income taxes	(6.358)
Cash used in discontinued operations:	
	30 April 2011
Net cash used in operating activities	1.151
Net cash provided by investing activities	251
Net cash used in financing activities	(940)
Net cash outflow	462

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)**a) Transfer of Shares of Subsidiaries and Asset Sale (Continued)****30 April 2011**

Amount received	93.655
Carrying value of net assets	(77.066)

Sales income **16.589****Net Amount received from sale of brand and subsidiary shares**

Cash and cash equivalents received	27.424
Notes receivables received	66.231
Less: Cash and cash equivalents of sold subsidiary	(187)

93.468**Net book value of assets disposed****30 April 2011**

Current assets	4.516
Cash and cash equivalents	187
Trade receivables	1.848
Inventories	1.345
Other current assets	1.136
Non-current assets	102.598
Property, plant and equipment	1.128
Intangible assets	51.952
Goodwill (Note 15)	47.757
Investment property	159
Other non-current assets	1.602
Current liabilities	15.300
Financial borrowings	3.252
Trade payables	3.708
Other taxes and funds payables	3.547
Provisions	159
Other current liabilities	4.634
Non-current liabilities	14.747
Other payables	6
Provision for employee termination benefits	11.092
Deferred tax liability	3.649
Net assets disposed of from scope of consolidation	77.066
Gain from sale	16.589

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)**a) Transfer of Shares of Subsidiaries and Asset Sale (continued)****Star TV Sale**

391.500.000 shares of Işıl Televizyon Yayıncılık A.Ş. (Star TV), one of the subsidiaries of the Group, with a nominal value of TL 1 each, which represent 99,99% of capital amounting to TL 391.500 were sold to Doğuş Yayın Grubu in consideration of USD 327.000. USD 151.000 of the total amount has been paid in cash at the date of the completion of share sale and transfer subsequent to obtaining the required legal permits and approvals. The remaining amount of USD 176.000 will be payable as of 2 November 2013. Annual interest rate applicable for the related amount is 3,58 % and interest amounts are accrued at the end of each month. Total interest accrual for the related receivable amounts to USD 12.777 of which USD 5.811 of this balance has been collected and USD 1.610 (TL 2.874) is recognized as accrual as of 31 December 2012.

All income and expenses attributable to Işıl Televizyon Yayıncılık A.Ş. relate to the Group by 3 November 2011. The Group also made its best effort to keep a balance in between the receivable and payable accounts associated with Işıl Televizyon Yayıncılık A.Ş. as of 3 November 2011. If these accounts are imbalanced, parties acknowledge and commit to a deduction of payable amounts that cannot be compensated through receivables against the share transfer price or an addition of receivable-payable difference balance to the sale price where receivables exceed payables. Therefore, sale price is revised accordingly and TL 16.000 is added to the sale price. As of 31 December 2011, operating results and profit from the sale of shares of Işıl TV are presented below:

	31 October 2011
Sales	167.038
Cost of Sales (-)	(204.796)
Gross loss	(37.758)
General administrative expenses (-)	(39.319)
Other income	4.071
Other expenses	(6.792)
Financial income	16.539
Financial expenses	(13.417)
Loss before income tax from discontinued operations	(76.676)
Tax (expense)/ income from discontinued operations	(3.718)
Current period tax charge	-
Deferred tax (charge)/ benefit	(3.718)
Net loss from discontinued operations prior to sale	(80.394)
proceeds from the disposal of brand and subsidiary shares	(80.394)
Gain on sale of subsidiary shares	229.260
Sales income tax expense	(10.230)
Discontinued operations	-
Net income from discontinued operations after income taxes	138.636
Cash used in discontinued operations:	31 December 2011
Net cash provided by operating activities	25.611
Net cash provided by investing activities	254.266
Net cash used in financing activities	(13.520)
Net cash inflow	266.357

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

TL 229.260 of subsidiary shares' sales income is recognized in the consolidated statement of income of the Group prepared as of 31 December 2011, from the sale and transfer of shares of İşıl Televizyon Yayıncılık A.Ş.'s as at 3 November 2011.

	31 October 2011
Amount received	592.855
Carrying value of net assets	(363.595)
Sales income	229.260
Net Amount received from sale of brand and subsidiary shares	
Cash and cash equivalents received	267.477
Notes receivables received	325.378
Less: Cash and cash equivalents of sold subsidiary	(1.120)
	591.735
Net book value of assets disposed	31 October 2011
Current assets	53.030
Cash and cash equivalents	1.120
Trade receivables	39.094
Inventories	302
Other current assets	12.514
Non-current assets	361.845
Property, plant and equipment	7.649
Intangible assets	115.169
Goodwill (Note 15)	238.925
Other non-current assets	102
Current liabilities	40.721
Financial borrowings	13.520
Trade payables	14.925
Other taxes and funds payables	6.436
Provisions	-
Other current liabilities	5.840
Non-current liabilities	10.559
Provision for employment termination benefits	725
Deferred tax liability	9.834
Net assets disposed of from scope of consolidation	363.595
Gain from sale	229.260

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

b) Assets held for sale:

OOO Pronto Moscow

As OOO Pronto Moscow ceases its operations in its printing facilities in 2011, the Group has decided to dispose of some of its fixed assets in its subsidiaries. These assets which are expected to be disposed of within twelve-month period are reclassified as assets held for sale and presented separately in the balance sheet.

Property, plant and equipment reclassified as asset held for sale are as follows:

Property, Plant and Equipment	31 December 2011
Cost	
Land and land improvements	1.424
Buildings	3.231
Machinery and equipment	13.599
Furniture and fixtures	94
Construction in progress	147
	18.495
Accumulated depreciation	
Land and land improvements	-
Buildings	(441)
Machinery and equipment	(11.716)
Furniture and fixtures	(94)
	(12.251)
Net book value as of 31 December 2011	6.244
Currency translation differences	(331)
Net book value of assets disposed	5.913
Sales amount of property, plant and equipment ⁽¹⁾	7.130
Gain on sale of property, plant and equipment	1.217

(1) In April 2012, the Company's fixed assets classified as non-current asset held for sale as of 31 December 2011 were sold in consideration of RBL 121 million (TL 7.130).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)**b) Assets held for sale (Continued)****Sale of Property, Plant and Equipment of Hürriyet**

Hürriyet, a subsidiary of the Group, sold the properties that are previously classified as "asset held for sale" that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, Istanbul to Nurol Gayrimenkul Yatırım Ortaklığı at February 2012 in consideration of USD 127.500 with maturity. The sales transaction has been completed as of 1 February 2012 and USD 17.500 of the sales amount was paid in cash at the date of the transfer of title. The remaining portion of USD 110.000, which will be paid through bonds, is payable starting from 6 March 2012 in 32 equal installments having 3,5% interest rate. As of 31 December 2012, the Company has made a total collection of USD 37.734 (USD 34.375 of principal amount and USD 3.359 of interest). As of 31 December 2012, interest accrual income amounts to USD 3.248. The remaining portion amounting to USD 75.625 and its interest accrual for the related period amounting to USD 217 are recognized as other short and long term receivables (Note 11). In the preparation of financial statements in accordance with IFRS, Hürriyet has classified the related properties as asset held for sale under IFRS 5.

For held for sale investments, no impairment loss is recognized in cases where profit on sale exceeds the carrying value of related asset.

Property, plant and equipment reclassified as asset held for sale is as follows:

Property, Plant and Equipment	31 December 2011
Cost	
Land and land improvements	10.476
Buildings	97.647
	108.123
Accumulated depreciation	
Land and land improvements	(318)
Buildings	(33.362)
	(33.680)
Net book value as of 31 December 2011	74.443
Change in net book value ⁽¹⁾	4.276
Net book value of assets disposed of	78.719
Sales amount of property, plant and equipment	221.624
Gain on sales of property, plant and equipment	142.905

⁽¹⁾ As a result of the review of the non-current assets related with the building sold, it has been decided that net book value of fixed assets amounting to TL 4.276 are in the scope of the related sale

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NOTE 28 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)**b) Assets held for sale (Continued):**

Hürriyet, one of the subsidiaries of the Group, has disposed its shares in its subsidiary, Rosprint in 2012, in accordance with the legal framework of Russia.

Group, has transferred its shares in its subsidiary, Pronto Peterburg in 2011 to the company, in accordance with the legal framework of Russia.

Net book value of assets disposed	31 December 2012	31 December 2011
Current assets		
Cash and cash equivalents	34	159
Trade receivables	5	425
Inventories	-	53
Other receivables	52	85
Other current assets	209	179
Non-current assets		
Property, plant and equipment	246	161
Intangible assets	-	28
Deferred tax asset	68	204
Current liabilities		
Trade payables	-	(393)
Provisions	-	(317)
Other current liabilities	-	(599)
Net book value of assets disposed	614	(15)

Sales amount:

Cash and cash equivalents received	-	-
Sales amount to be collected in the subsequent period	1.162	189
Net cash inflow from sales:		
Consideration paid in cash and cash equivalents	-	-
(Less) cash and cash equivalents disposed of	(34)	(159)

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NOTE 29- TAX ASSETS AND LIABILITIES

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 the all subsidiaries consolidated on line-by-line basis.

Corporate tax

Corporate tax liabilities for the periods ended 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Corporate and income taxes payable ⁽¹⁾	84.205	208.654
Prepaid taxes	(74.368)	(169.796)
Taxes payable	9.837	38.858

⁽¹⁾ As of 31 December 2011, TL 17.131 of corporate and income taxes payable is related with the discontinued operations.

	31 December 2012	31 December 2011
Corporate and income taxes payable	9.837	38.858
Deferred tax liabilities, net	79.821	47.835
Taxes payable	88.762	86.693

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 2012 is 20% (2011: 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.

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NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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 balance sheet 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. In accordance with the provisions of the afore-mentioned Law provisions, in order to apply inflation adjustment, the cumulative inflation rate (TURKSTAT WPI) over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as the related threshold has not been met as of 2004 .

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 five years. Tax losses cannot be carried back to offset profits from previous years.

As publicly disclosed on 19 April 2011, the Company plans to make use of the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"; therefore, 50% of losses attributable to the periods that are subject to tax base increase will not be offset against the income to be obtained in 2010 and subsequent periods

As of 31 December 2012, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

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 centre at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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.

The details of effective tax laws in the Russian Federation where the Group performs a significant part of its operations are as follows:

Russian Federation

The corporate tax rate effective in the Russian Federation is 20% (2011: 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. Restriction on the deductible financial losses has been revoked as of 2007. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2011: 30%). 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:

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

The tax rates at 31 December 2012 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

<u>Country</u>	<u>Tax rates (%)</u>	<u>Country</u>	<u>Tax rates (%)</u>
Germany ⁽¹⁾	28,0	Ukraine ⁽²⁾	21,0
Romania	16,0	Hungary ⁽³⁾	19,0
England	28,0	Slovenia	20,0
Croatia	20,0	Belarus ⁽⁴⁾	18,0
Kazakhstan	20,0	Netherland ⁽⁵⁾	25,0

- (1) Corporate tax rate is applied as 15% for Germany. An additional solidarity tax of 5,5% and municipal commerce tax varying in between 14-17% is also applied over the corporate tax.
- (2) From January 1, 2012, tax rate has decreased to 21% from 23%. Tax rate will be decreased to 19% in 2013 and 16% as of 1 January 2014.
- (3) Tax rate is 10% for the tax base up to initial 500 million Hungarian Forint, 19% for over 500 million Hungarian Forint.
- (4) From January 1, 2012, tax rate has decreased to 18% from 24%.
- (5) Tax rate is 20% for the tax base up to initial 200.000 EUR, 25% for over 200.000 EUR

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the CMB's Financial Reporting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for the CMB's Financial Reporting Standards and tax purposes.

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 balance sheet dates.

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 2012 and 31 December 2011 using the enacted tax rates is as follows

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes (continued)

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Differences between the tax base and carrying value of property, plant and equipment and intangible assets	104.287	96.487	20.857	17.628
Carry forward tax losses	237.255	44.915	47.451	9.290
Provision for doubtful receivables	57.812	31.662	11.562	8.104
Provision for employment termination benefits	98.377	49.311	19.675	9.884
Derivative financial liabilities	2.730	6.610	546	1.322
DSİ cost of water usage rights' accrual	-	27.774	-	5.555
Deferred financial income of trade receivables	518	-	104	-
Other	112.223	133.664	22.684	27.969
Deferred tax assets			122.879	79.752
Differences between the tax base and carrying value of property, plant and equipment and intangible assets	(982.051)	(637.574)	(197.059)	(122.178)
Fair value of Investment Property	(348.731)	(64.120)	(1.889)	(3.206)
DSİ cost of water usage rights' accrual	(4.657)	-	(931)	-
Derivative financial assets	(1.022)	(4.640)	(204)	(928)
Other	(12.730)	(6.817)	(2.617)	(1.275)
Deferred tax liabilities			(202.700)	(127.587)
Deferred tax liabilities, net			(79.821)	(47.835)

Conclusions of netting has been reflected to consolidated balance sheet of the Group, since seperate taxpayer companies Doğan Holding, subsidiaries and joint ventures has booked their deferred tax assets and liabilities by netting in their financial statements that were prepared in accordance with the CMB Financial Reporting Standarts. Temporary differences and deferred tax assets and liabilities shown above has been prepared on the basis of gross values.

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

The Group recognised deferred tax assets over TL 237.255 of carry forward tax losses in the consolidated financial statements prepared in accordance with the CMB's Financial Reporting Standards as at 31 December 2012 (31 December 2011: TL 44.915). As of 31 December 2012 and 31 December 2011, the maturity analysis of carry forward tax losses is as follows:

	31 December 2012 ⁽¹⁾	31 December 2011
2012	4.603	706
2013	101.169	1.231
2014	25.669	21.780
2015	54.871	21.198
2016 and after	50.943	-
	237.255	44.915

⁽¹⁾ Regarding the period, amount of accumulated past year financial losses according to the latest reducible years is presented suitably to the scope of Law No. 6111.

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 2012, the Group does not recognise deferred tax from carry forward tax losses amounted to TL 1.064.508 (31 December 2011: TL 1.150.784).

Movements for net deferred taxes for the periods ended at 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	(47.835)	(34.165)
Deferred tax effect of financial assets fair value increase	(1.549)	1.044
Current year (expense)/income	17.825	(9.907)
Actuarial loss tax effect accounted under other comprehensive income	9.426	-
Discontinued operation current period charge	-	(4.416)
Currency translation differences	(134)	(13.670)
Disposal of Subsidiary	16	13.279
Purchase of Subsidiary	(58.503)	-
Other	933	-
31 December	(79.821)	(47.835)

The taxes on income reflected to the consolidated income statement for the periods ended at 31 December 2012 and 2011 are summarized below:

	2012	2011
Current	(84.205)	(191.523)
Deferred	17.825	(15.037)
Total Tax	(66.380)	(206.560)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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

NOTE 29 - TAX ASSETS AND LIABILITIES (continued)

The reconciliation of the taxation on income in the consolidated income statement for years ended 31 December 2012 and 2011 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2012	2011
Profit before taxation from continued operations	323.969	(887.892)
Tax calculated at 20% tax rate	(64.794)	177.578
Tax liability in dispute and tax base increase liability regarding 6111	(3.871)	(194.904)
Carry forward losses utilized	18.776	5.110
Expenses not deductible for tax purposes	(33.418)	(37.748)
Income not subject to tax	52.338	10.207
Expense not subject to tax	(37.841)	(82.941)
Reversal of previous year losses from which deferred tax was calculated previously	11.847	(31.314)
Disposals of Subsidiaries	3.589	-
Withholding tax related to the foreign country operations	(7.121)	(6.765)
Difference due to the different tax rates applicable in different countries	(86)	(1.424)
Adjustment effects	(1.818)	(16.098)
Impairment of Goodwill	-	(20.772)
Other	(3.981)	(7.489)
Tax expense	(66.380)	(206.560)

NOTE 30 - EARNING/ (LOSS) PER SHARE

Earning/ (loss) per share for each class of shares disclosed in the consolidated statements of income is determined by dividing the net income/ (loss) by the average number of shares:

	2012	2011
Net loss for the period	155.671	(753.735)
Weighted average number of shares with face value of TL 1 each	2.450.000	2.450.000
Earning/ (loss) per share (Kır)	0,064	(0,308)
	2012	2011
Net profit/ (loss) for the period from continuing operations	155.671	(831.703)
Weighted average number of shares with face value of TL 1 each	2.450.000	2.450.000
Earning/ (loss) per share from continuing operations (Kır)	0,064	(0,339)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 31 - RELATED PARTY DISCLOSURES

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding 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 affiliates, 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. As of the balance sheet date, the details of due to/from related parties and related party transactions for the periods ended as of 31 December 2012 and 31 December 2011 are summarized as below:

i) Amounts due from and due to related parties:**Current trade receivables - Due from related parties:**

	31 December 2012	31 December 2011
Medyanet İletişim Reklam		
Pazarlama ve Turizm A.Ş. ("Medyanet") (1)	9.404	1.291
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market")	1.145	1.246
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	985	58
Doğan Elektronik Turizm Satış Pazarlama Hiz.ve Yay A.Ş.	620	-
Delüks Elektronik Hizmetler ve Tic A.Ş.	270	-
D Elektronik Şans Oyunları ve		
Yayıncılık A.Ş. ("D Elektronik Şans Oyunları")	-	1.117
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	729	9
Other	821	790
	13.974	4.511

(1) The receivables of the Group from Medyanet are related to the sales of advertisement.

31 December 2012 31 December 2011

Current non-trade receivables - Due from related parties:

Gümüştaş Madencilik ve Ticaret A.Ş.	3.482	3.702
	3.482	3.702

31 December 2012 31 December 2011

Current trade payables - Due to related parties:

Ortadoğu Otomotiv Ticaret A.Ş. (1)	33.132	-
Doğanlar Sigorta Aracılık Hizmetleri A.Ş.	96	-
Other	2.164	246
	35.392	246

(1) Debt arise from the purchase of land.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)**i) Amounts due from and due to related parties (continued):**

	31 December 2012	31 December 2011
<u>Long term trade payables - Due to related parties:</u>		
Ortadoğu Otomotiv ⁽¹⁾	36.636	-

(1) Debt arise from the purchase of land.

ii) Transactions with related parties:

<u>Service/ product purchases:</u>	2012	2011
Ortadoğu Oto ⁽¹⁾	13.082	10.297
Aydın Doğan Vakfı ⁽²⁾	5.300	-
Adilbey Holding A.Ş. ⁽³⁾	2.097	6.873
D Yapı A.Ş.	1.508	76
Medyanet İletişim Hizmetleri A.Ş.	1.089	1.814
D Market A.Ş.	421	511
Gümüştaş Madencilik A.Ş.	331	-
Doğanlar Sigorta	170	-
Etkin GYO	141	-
Doğan Elektronik Aracılık	-	5.502
D Finans	-	183
Doğan Portal	-	100
Other	2.547	541
	26.686	25.897

(1) Consists of the rent expenses of Trump Towers.

(2) Consists of the donations made by Doğan TV group.

(3) Consists of the rent expenses of the Group.

<u>Service and product sales:</u>	2012	2011
Medyanet İletişim Hizmetleri A.Ş. ⁽¹⁾	17.724	16.338
D Market A.Ş.	4.547	3.489
Ortadoğu Oto	336	202
Adilbey Holding A.Ş.	305	207
D Yapı A.Ş.	269	101
Aydın Doğan	234	302
Aydın Doğan Vakfı	126	120
Other	1.863	2.070
	25.404	22.829

(1) Internet advertising sales of the Group are made thorough Medyanet.

<u>Financial income</u>	2012	2011
Ortadoğu Oto	9	-
D-Elektronik Şans	14	-
Other	15	-
	38	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

Financial Expenses	2012	2011
Other	34	-
	34	-
Purchases of property, plant and equipment and intangible assets:		
	2012	2011
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ⁽¹⁾	2.620	-
D-Yapı	490	-
D Market	106	187
Ortadoğu Otomotiv	-	4.984
Diğer	-	52
	3.216	5.223

(1) Related amount consists of the acquisition of Bigpara.com, Mahmure.com and E-kolay.net websites

Sales of property, plant and equipment and intangible assets:

Delüks Elektronik Hizmetler	-	7
	-	7

Benefits provided to board members 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 directors 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:

	2012	2011
Salaries and other short term benefits	19.842	13.683
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	19.842	13.683

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 use 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 of their Board of Directors within the limits of general principles set out by Doğan Holding.

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 at 31 December 2012 and 31 December 2011 before consolidation adjustments and reclassifications are as follows:

The Group is exposed to foreign exchange risk arising primarily from the USD and Euros.

	31 December 2012	31 December 2011
Assets	2.950.154	3.448.658
Liabilities	(3.223.186)	(3.043.140)
Off-balance sheet net derivative liabilities	47.586	72.460
Net foreign currency position	(225.446)	477.978

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.1) Foreign currency risk(Continued):

Sensitivity analysis for currency risk as of 31 December 2012 and 31 December 2011 and foreign currency denominated asset and liability balances are summarized below:

31 December 2012

	TL Equivalent	USD	EUR	Other
1. Trade receivables	163.533	39.526	55.540	68.467
2a. Monetary Financial Assets (Cash, Banks included)	2.220.476	1.513.598	660.371	46.507
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	215.429	214.874	555	-
4. Current Assets (1+2+3)	2.599.438	1.767.998	716.466	114.974
5. Trade receivables	11.194	7.443	1.918	1.833
6a. Monetary Financial Assets	101.163	96.833	4.114	216
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	238.359	224	238.135	-
8. Non-Current Assets (5+6+7)	350.716	104.500	244.167	2.049
9. Total Assets (4+8)	2.950.154	1.872.498	960.633	117.023
10. Trade Payables	165.986	104.952	51.639	9.395
11. Financial Liabilities	1.226.289	879.088	328.299	18.902
12a. Other Monetary Financial Liabilities	52.177	4.512	15.246	32.419
12b. Other Non-Monetary Financial Liabilities	431	51	380	-
13. Current Liabilities (10+11+12)	1.444.883	988.603	395.564	60.716
14. Trade Payables	18.420	14.669	1.918	1.883
15. Financial Liabilities	1.759.816	1.336.144	423.672	-
16a. Other Monetary Financial Liabilities	67	30	-	37
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.777.303	1.350.843	425.590	1.870
18. Total Liabilities (13+17)	3.223.186	2.339.446	821.154	62.586
19. Net asset/liability position of Off balance sheet derivatives(19a-19b)	47.586	66.107	(14.326)	(4.195)
19.a. Off balance sheet foreign Currency derivative assets	66.404	66.107	-	297
19b. Off balance sheet foreign Currency derivative liabilities	18.818	-	14.326	4.492
20. Net foreign currency asset liability position (9-18+19)	(225.446)	(400.841)	125.153	50.242
21. Net foreign currency asset/liability Position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(726.389)	(681.995)	(98.831)	54.437
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Exports	115.547	3.105	57.147	409
24. Imports	477.701	6.773	80.920	-

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**NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(Continued)**

a.1) Foreign currency risk (Continued):

31 December 2011

	TL Equivalent	USD	EUR	Other
1. Trade receivables	127.559	80.740	34.386	12.433
2a. Monetary Financial Assets (Cash, Banks included)	3.102.051	2.181.226	883.935	36.890
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	6.660	72	6.588	-
4. Current Assets (1+2+3)	3.236.270	2.262.038	924.909	49.323
5. Trade receivables	3.702	3.702	-	-
6a. Monetary Financial Assets	199.463	199.391	15	57
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	9.223	339	8.884	-
8. Non-Current Assets (5+6+7)	212.388	203.432	8.899	57
9. Total Assets (4+8)	3.448.658	2.465.470	933.808	49.380
10. Trade Payables	205.828	67.051	127.531	11.246
11. Financial Liabilities	761.143	612.494	128.176	20.473
12a. Other Monetary Financial Liabilities	91.752	53.338	2.222	36.192
12b. Other Non-Monetary Financial Liabilities	7.931	6.576	1.355	-
13. Current Liabilities (10+11+12)	1.066.654	739.459	259.284	67.911
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.905.858	1.593.891	294.646	17.321
16a. Other Monetary Financial Liabilities	70.628	63.772	6.809	47
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.976.486	1.657.663	301.455	17.368
18. Total Liabilities (13+17)	3.043.140	2.397.122	560.739	85.279
19. Net asset/liability position of Off balance sheet derivatives(19a-19b)	72.460	59.290	13.212	(42)
19.a Off balance sheet foreign Currency derivative assets	90.943	63.068	27.875	-
19b. Off balance sheet foreign Currency derivative liabilities	18.483	3.778	14.663	42
20. Net foreign currency asset liability position (9-18+19)	477.978	127.638	386.281	(35.941)
21. Net foreign currency asset/liability Position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	397.566	74.513	358.952	(35.899)
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Exports	127.966	-	-	-
24. Imports	494.182	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**a.1) Foreign currency risk (Continued):**

As of 31 December 2012 and 31 December 2011, foreign currency denominated asset and liability balances were converted with the following exchange rates: TL 1,7826 = USD 1 and TL 2,3517 = EUR 1 (2011: TL 1,8889 = USD 1 and TL 2,4438 = EUR 1).

31 December 2012	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciates
	If the USD had changed by %10 against the TL	
1- USD net (liabilities)/assets	(40.084)	40.084
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	(40.084)	40.084
	If the EUR had changed by %10 against the TL	
4- EUR net (liabilities)/assets	12.515	(12.515)
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	12.515	(12.515)
	If the Other Currencies had changed by %10 against the TL	
7- Other net (liabilities)/assets	5.024	(5.024)
8- Hedging amount of Otherkısım (-)	-	-
9- Other net effect on (loss)/income (7+8)	5.024	(5.024)
TOTAL (3+6+9)	(22.545)	22.545

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012**

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**a.1) Foreign currency risk (Continued)**

31 December 2011	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciates
	If the USD had changed by %10 against the TL	
1- USD net (liabilities)/assets	12.764	(12.764)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	12.764	(12.764)
	If the EUR had changed by %10 against the TL	
4- EUR net (liabilities)/assets	38.628	(38.628)
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	38.628	(38.628)
	If the Other Currencies had changed by %10 against the TL	
7- Other net (liabilities)/assets	(3.594)	3.594
8- Hedging amount of Otherkısım (-)	-	-
9- Other net effect on (loss)/income (7+8)	(3.594)	3.594
TOTAL(3+6+9)	47.798	(47.798)

a.2) Interest rate risk (Continued)

- Media

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 2012 and 31 December 2011, the Group's borrowings at floating rates are predominantly denominated in US Dollars and Euros.

At 31 December 2012, if interest rates on US dollar denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 10.427 (31 December 2011: TL 9.896) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on Euro denominated borrowings had been higher/lower 100 basis points with all other variables held constant, loss before income taxes would have been TL 1.050 (31 December 2011: TL 854) higher/lower, mainly as a result of high interest expense on floating rate borrowings

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.2) Interest rate risk (Continued)

- 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.

At 31 December 2012, if interest rates on US dollar denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 17.441 higher/lower, mainly as a result of high interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on Euro denominated borrowings had been higher/lower 100 basis points with all other variables held constant, loss before income taxes would have been TL 3.356 higher/lower, mainly as a result of high interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on TL dollar denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 47 higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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

	31 December 2012	31 December 2011
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.973.643	3.292.201
- Financial investments (Note 7)	173.674	191.672
Financial liabilities (Note 8)	801.509	860.160
Financial instruments with floating rate		
Financial liabilities (Note 8)	2.214.723	1.697.922

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The analysis of average annual interest rate (%) of financial assets and liabilities of the Group is as follows:

	31 December 2012			31 December 2011		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	0,10 – 6,00	0,25-6,75	3-12,3	0,5-6,05	1,-6,05	5,7-12,7
Financial investments	5,17	-	9,48	1-6	-	9,37
Liabilities						
Financial Liabilities	3,50-6,40	4,50-5,78	0-12	2,09-6,75	2,52-2,69	4,85-15,50

The distribution of sensitivity to interest rates about the period for repricing of financial assets and liabilities is as follows:

31 December 2012	Up to 3 months	3 months - 1 year	1-5- years	More than 5 years	Free of interest	Total
Assets						
Cash and cash equivalents (Note 6)	1.973.643	-	-	-	268.619	2.242.262
Financial investments (Note 7)	-	-	173.674	-	2.216	175.890
Total	1.973.643	-	173.674	-	270.835	2.418.152
Financial Liabilities (Note 8) ⁽¹⁾	-	1.309.188	1.427.043	-	-	2.736.231
Total	-	1.309.188	1.427.043	-	-	2.736.231

31 December 2012	Up to 3 months	3 months - 1 year	1-5- years	More than 5 years	Free of interest	Total
Assets						
Cash and cash equivalents (Note 6)	3.292.201	-	-	-	176.285	3.468.486
Financial investments (Note 7)	-	-	191.672	-	5.730	197.402
Total	3.292.201	-	191.672	-	182.015	3.665.888
Liabilities						
Financial Liabilities (Note 8) ⁽¹⁾	-	934.850	1.623.232	-	-	2.558.082
Total	-	934.850	1.623.232	-	-	2.558.082

⁽¹⁾ Bank borrowings 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group's credit risk of financial instruments as of 31 December 2012 is as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Other	Related party	Other	
Maximum net credit risk as of balance sheet date	13.974	894.297	3.482	552.108	2.239.860
- The part of maximum risk under guarantee with collateral	-	230.616	-	316.612	-
A. Net book value of financial assets that are past due /impaired	13.892	747.998	3.482	552.108	2.239.860
- Guaranteed amount by collateral	-	204.122	-	316.612	-
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)	82	146.299	-	-	-
- Guaranteed amount by collateral (Note 9)	-	26.494	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9)	-	204.435	-	1.419	-
- Impairment (-)(Note 9)	-	(204.435)	-	(1.419)	-
Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group's credit risk of financial instruments as of 31 December 2011 is as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Other	Related party	Other	
Maximum net credit risk as of balance sheet date	4.511	813.179	3.702	434.707	3.465.068
- The part of maximum risk under guarantee with collateral	-	197.388	-	332.446	-
A. Net book value of financial assets that are past due /impaired	4.229	613.027	3.702	434.707	3.465.068
- Guaranteed amount by collateral	-	177.603	-	332.446	-
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)	282	200.152	-	-	-
- Guaranteed amount by collateral (Note 9)	-	19.785	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9)	-	179.391	-	1.505	-
- Impairment (-)(Note 9)	-	(179.391)	-	(1.505)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The aging of the receivables of the Group that are past due but not impaired including related party balances by taking into consideration past due dates are as follows:

	<u>31 December 2012</u>		<u>31 December 2011</u>	
	<u>Related Party</u>	<u>Other Receivables</u>	<u>Related Party</u>	<u>Other Receivables</u>
0-30 days overdue	-	58.382	-	77.806
1-3 months overdue	-	44.907	282	55.292
3-12 months overdue	-	32.744	-	55.952
1-5 years overdue	-	10.266	-	11.102
More than 5 years	-	-	-	-
Total	-	146.299	282	200.152
Guaranteed amount by collateral				
Media	-	22.102	-	16.410
Retail	-	-	-	-
Other	-	4.192	-	3.375
Total	-	26.294	-	19.785

d) 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.

As of 31 December 2012 and 31 December 2011, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2012	Contractual					
	Book value	undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Financial borrowings (Note 8)	3.016.232	3.330.594	828.215	840.284	1.273.623	388.472
Trade payables (Note 10)	377.518	381.458	277.512	103.946	-	-
Other financial liabilities	515.242	535.957	161.915	47.750	326.292	-
Other liabilities	101.164	107.515	45.090	26.906	35.519	-
Due to related parties (Note 31)	72.028	72.894	8.518	22.810	41.566	-
	4.082.184	4.428.418	1.321.250	1.041.696	1.677.000	388.472

Derivative financial liabilities

Derivative cash inflow (Note 7)	1.102	46.298	33.384	284	12.630	-
Derivative cash outflow	(2.730)	(6.476)	(1.247)	(4.589)	(640)	-
Derivative cash inflow/outflow, net	(1.628)	39.822	32.137	(4.305)	11.990	-

31 December 2011	Contractual					
	Book value	undiscounted cash flow	Less than 3 months	3-12 months	1-5 year	Over 5 year
Non-derivative financial liabilities						
Financial borrowings (Note 8)	2.558.082	2.742.482	418.002	795.619	1.283.482	245.379
Trade payables (Note 10)	444.997	448.807	426.156	22.651	-	-
Due to related parties (Note 31)	246	246	246	-	-	-
Other liabilities	801.750	834.503	231.357	219.326	383.820	-
Other financial liabilities	528.081	560.905	8.860	69.311	482.734	-
	4.333.156	4.586.943	1.084.621	1.106.907	2.150.036	245.379

Derivative financial liabilities

Derivative cash inflow (Note 7)	4.640	168.582	90.602	35.090	42.890	-
Derivative cash outflow	(6.610)	(168.569)	(79.603)	(39.981)	(48.985)	-
Derivative cash inflow/outflow, net	(1.970)	13	10.999	(4.891)	(6.095)	-

e) 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:

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

e) Fair value of financial instruments(Continued)

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 carrying values of trade receivables along with the related allowances for uncollectibility 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 amortised cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

f) 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 balance sheet.

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NOTE 32 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

f) Capital risk management (Continued)

The net liability/total equity ratio at 31 December 2012 and 31 December 2011 is summarized below:

	31 December 2012	31 December 2011
Total liability ⁽¹⁾	4.377.990	4.613.184
Less: Cash and cash equivalents (Note 6)	(2.212.429)	(3.458.026)
Net liability	2.162.416	1.155.158
Equity	3.181.007	3.039.038
Total equity	5.329.543	4.194.196
Gearing ratio	%41	%28

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

NOTE 33 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: 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
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- Level 3: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

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NOTE 33 - FINANCIAL INSTRUMENTS (Continued)

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

	31 December 2012	Fair value at reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments	1.102	-	1.102	-
Available-for-sale financial assets	-	-	-	-
Bonds and bills	174.556	174.556	-	-
Total	175.658	174.556	1.102	-

Financial liabilities

Financial liabilities at FVTPL				
Trading securities				
Trading derivatives	-	-	-	-
Derivative instruments	2.730	-	2.730	-
Other financial liabilities	18.207	-	-	18.207
Total	20.937	-	2.730	18.207

	31 December 2011	Fair value at reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments	4.640	-	4.640	-
Available-for-sale financial assets	-	-	-	-
Bonds and bills	88.572	88.572	-	-
Total	93.212	88.572	4.640	-

Financial liabilities

Financial liabilities at FVTPL				
Trading securities				
Trading derivatives				
Derivative instruments	6.610	6.610	-	-
Other financial liabilities	66.438	-	-	66.438
Total	73.048	6.610	-	66.438

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NOTE 34 - SUBSEQUENT EVENTS

Deutsche Bank Option

As explained in detail in Note 8, within the scope of usage of "put option" by Deutsche Bank AG, in accordance with the "Put Option Agreements" signed on 26 July 2007 between Doğan Yayın Holding and Deutsche Bank AG and amended by the amendment agreement dated 10 November 2008, Deutsche Bank AG's share in Doğan Gazetecilik, direct subsidiary of Doğan Yayın Holding amounting to 23.100.000 bearer shares with a nominal value of TL 1 each which corresponds to 22% of TL 105.000 issued capital of Doğan Gazetecilik has been purchased by Doğan Yayın Holding in consideration of USD 122.323 as of 19 February 2013. Doğan Yayın Holding's share in Doğan Gazetecilik A.Ş. capital has become 92,76% after the purchase of mentioned shares.

Purchase of Additional Share of Doğan Yayın Holding

3.000.000 "publicly available" shares (exact) with a nominal value of TL 1 each belonging to Doğan Yayın Holding has been purchased by the parent company of the Group, Doğan Holding, from Adilbey Holding A.Ş. on 20 February 2013 in consideration of TL 0,86 (exact) total TL 2.580 (exact) in cash independent from Borsa İstanbul confirming transaction price over the weighted average transaction amount at the first session remains within the margins in accordance with the Borsa İstanbul "Principles of Establishment and Operation of Wholesale Market". As a result of this transaction, Doğan Holding's effective interest rate reached to 74,74% from 74,59.

Commitment and contingent liabilities related to share sale agreement signed with Commerz-Film GmbH

Commerz-Film GmbH and Group's direct and indirect subsidiaries of Doğan Yayın Holding and Doğan TV Holding, concluded on 19 November 2009, signed on 31 October 2011 and on 28 February 2012 as amended by agreement of two modified "Share Purchase and Share Owners Agreement "in accordance with the provisions of, the scope of use of the option the right to sell by Commerz-Film GmbH, owned by Commerz-Film GmbH, the capital paid-in of Doğan TV Holding, corresponding to 2,49% per annum with TL 1.360.016, EUR 1 TL (exact) nominal value of shares 33.843.238 unit (exact) group B registered shares with a total amount of EUR 61.572 was acquired by the Company in cash. The purchase of shares after the share of the Group's indirect subsidiary of Doğan TV Holding's shares has become 2,49%.

Subsidiary capital increase participation

Doğan Holding's Board of Directors, who has taken a decision on 18 March 2013, the share capital of which is owned 25% share directly to the capital of a subsidiary by Aslancık Elektrik, increased its share from TRY 75.000 to TRY 135.000 in cash. Its share of associates TRY 15 000 which corresponds to has decided to use the right to purchase new shares.

In addition, Doğan Energy directly share partner of Aslancık Elektrik with 8,33% rate, which is indirectly share partner of Group. Group has decided to attend its subsidiary capital increase and also used to purchase new shares amounting TRY 5.000 with using new share acquisition rights.

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NOT 34 - SUBSEQUENT EVENTS (Continued)

Information About Ongoing Litigation

Result of litigation against Çelik Halat about compensation of damage which realized at 20 January 2001 caused by rope shifting Yenikuyu facility which belongs to Kozlu Taşkömürü İşletme Müessesesi Müdürlüğü and Türkiye Taşkömürü Kurumu Genel Müdürlüğü decided favor of claimant after acceptance of TTK Genel Müdürlüğü as of 31 May 2001 litigation date of receivable which TL 477 and as of 18 January 2002 which is improvement date of receivable which TL 320 amount and its default interest.

Result of litigation payment amount TL 4.190 liability of Çelik Halat has been deferred by actual and unlimited given guarantee letter. Result of that there is no expectation about cash out flow for this litigation. The appeal application was done with respect to a higher court in legal time and every legal right is exercised in terms of mentioned Court Decision. Information about the topic is in Group's financial tables' notes. Based on precautionary principle provision was determined by Group prior period %47 of litigation risk amounted TL 1.969. Besides there is a product liability insurance on this litigation about 1 million USD.

Approval of Financial Statements

The consolidated financial statements for the period ended 31 December 2012 were approved by the Board of Directors on 10 April 2013. Other than Board of Directors has no authority to change financial statements.

NOT 35 - DISCLOSURE OF OTHER MATTERS

None.