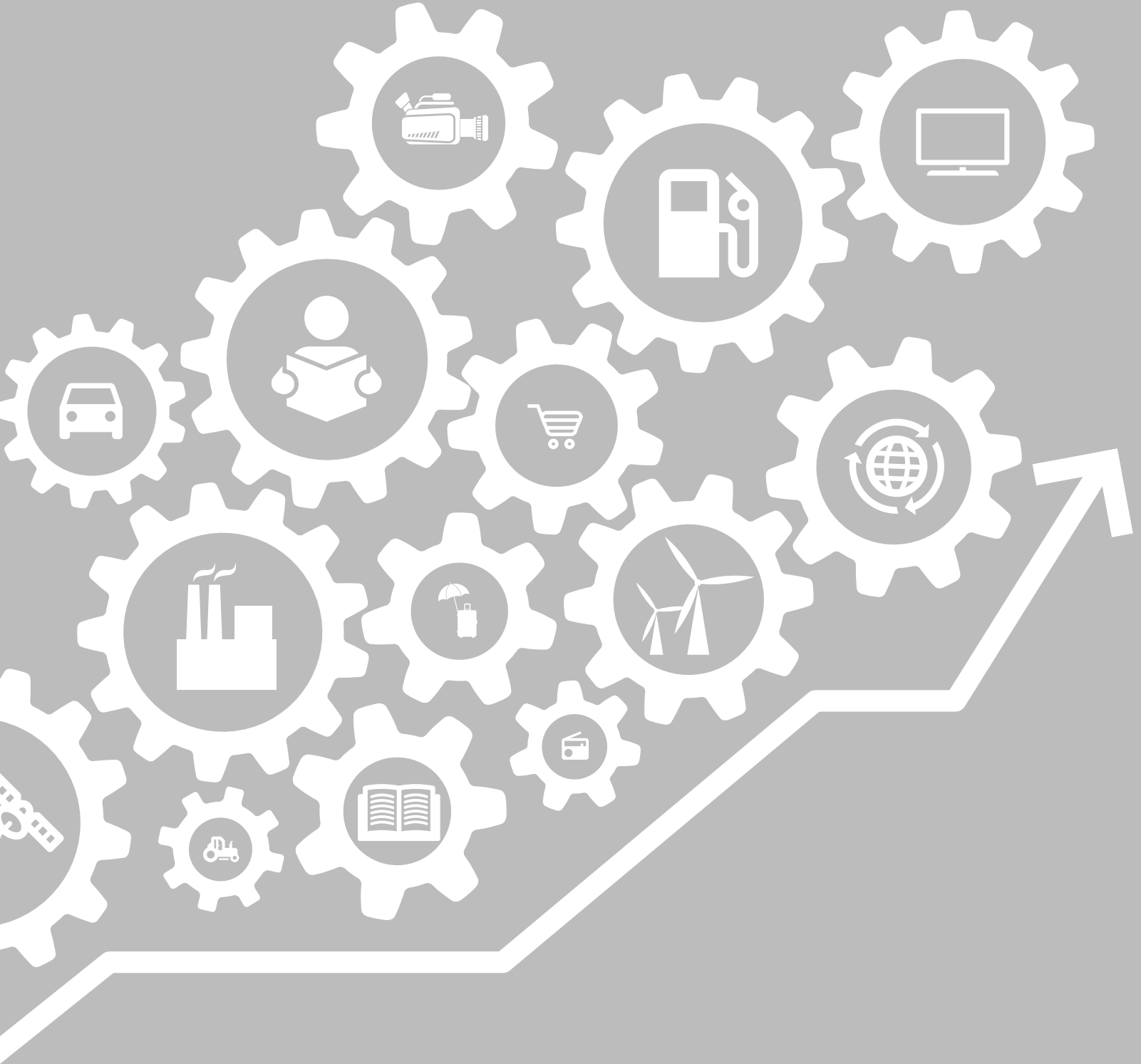


To the future, together
with confidence...



DOĞAN HOLDİNG
ANNUAL REPORT 2016

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FINANCIAL INFORMATION

CORPORATE INFORMATION

Company Name	Doğan Şirketler Grubu Holding A.Ş.
Date of Establishment	September 22, 1980
Trade Registry Number	175444
MERSİS (Central Registry System) Number	0306005092400010
Tax Office	Büyük Mükellefler Vergi Dairesi
Tax Identification Number	3060050924
Issued Capital	TL 2,616,938,288
Registered Capital Ceiling	TL 4,000,000,000
Stock Exchange	Borsa İstanbul A.Ş.
Ticker Symbol	DOHOL
Address	Burhaniye Mah. Kısıklı Cad. No: 65 Üsküdar/İstanbul
Website	www.doganholding.com.tr
E-mail	ir@doganholding.com.tr
Telephone	+90 (216) 556 90 00
Fax	+90 (216) 556 92 00
Reporting Period	01.01.2016 – 31.12.2016

This report has been prepared in accordance with Article 514 of Turkish Commercial Code No. 6102, the Regulation on the "Determination of the Minimum Content of Companies' Annual Reports" issued by the Ministry of Customs and Trade, the Capital Markets Law, "Corporate Governance Communiqué" (II-17.1) issued by the Capital Markets Board ("CMB"), and the CMB's Communiqué on the "Principles Regarding Financial Reporting in Capital Markets" (II-14.1). The purpose of the report is to evaluate the Company's operations during the accounting period of January 1, 2016 - December 31, 2016, and to inform investors.

MESSAGE FROM THE HONORARY CHAIRMAN



"I would like to start my speech with the wish that the year 2017 may bring new achievements for our nation and Doğan Group.

The most important development in 2016 was undoubtedly the perfidious coup attempt of July 15, which was derailed with the strong will of our nation and the historic leadership displayed by the President of the Republic, and the subsequent defense of democracy by all segments of society. From the first moment on, Doğan Group stood by the democratic system and the elected government, and is thus proud to have contributed to this historical triumph.

As a result of this dire event, our society has once again grasped the vital importance of democracy, national unity and cohesion, political and economic stability, democratic mechanisms and institutions, and started looking toward future armed with this strong will.

Believing that all these values – along with economic and social welfare – are necessary to ensure a brighter future for Turkey, Doğan Group has expended intensive efforts to conduct all its business activities in a transparent, institutional and sustainable manner, as always. We are keen to maintain this approach strongly in the future as well.

Based on the belief that objective journalism is a cornerstone of democracy, we uphold Doğan Publishing/Broadcasting Principles in our publications and programs, and respect the people's right to access news with our independent stance.

While we continue to bolster our existing businesses and boost our operating profit, we also work to expand into new business areas. We are aware that we must invest in the future to reinforce our presence and create long-term value for our country. As always, our executives succeeded in overcoming all kinds of challenges in 2016, undertaking tremendous efforts to boost our business performance. I am very proud of my colleagues at different levels of the organization who have allowed us to look ahead with hope, and I extend my warmest thanks to them.

Wishing that 2017 brings further achievements to all of us, I express my gratitude to all our stakeholders – especially our shareholders – for their unfaltering trust and support.

A handwritten signature in black ink, appearing to read 'Aydın Doğan', written over a horizontal line.

Aydın DOĞAN
Honorary Chairman

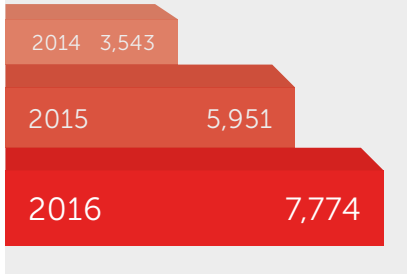
ABOUT US

DOĞAN HOLDİNG IN BRIEF

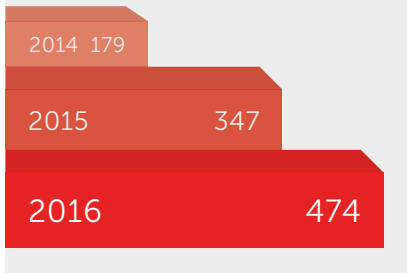
DOĞAN GROUP CONTRIBUTES TO NATIONAL EMPLOYMENT BY DIRECTLY EMPLOYING ABOUT 9 THOUSAND PEOPLE.

CONSOLIDATED REVENUES
(TL MILLION)

↗ **+31%**


CONSOLIDATED EBITDA
(TL MILLION)

↗ **+37%**


**A PIONEERING AND INNOVATIVE
ROLE FROM THE MEDIA TO ENERGY,
MANUFACTURING TO TOURISM**

Doğan Group has been adding significant value to the Turkish economy for nearly 60 years. The foundation of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding," "Doğan Group," "Holding," "Company" or "Group") was laid when Honorary Chairman Aydın Doğan registered with the Mecidiyeköy Tax Office in 1959 and established his first automotive company in 1961. Today, Doğan Group companies, with their innovative approach and forward-looking vision, play a pioneering role in a wide range of sectors, which include the media, energy and retail, as well as industry, motor vehicle and real estate marketing, tourism and financial services.

Each boasting a flexible management structure, Group companies embrace a quality- and customer-focused management approach that is open to change. These companies successfully couple this approach with the other integral components of our corporate culture, namely, transparent communications and effective teamwork. Doğan Holding and all Group companies put into practice corporate and ethical values, which set an example for other companies in the business world.

Aiming for global success in all its manufacturing and commercial activities, Doğan Group keeps abreast of domestic and international developments in every business line in which it conducts operations. With its high-quality products and services, the Group operates across a wide geographic region through strategic partnerships with leading multinational groups.

The well-qualified and highly competent workforce of Doğan Group has been the key factor underlying this success. The Group, together with its subsidiaries run as joint ventures, directly offers employment to approximately 9 thousand people and is an important figure in national employment.




Dogan

FINANCIAL INDICATORS

DOĞAN HOLDİNG ACHIEVED DOUBLE-DIGIT GROWTH IN REVENUE AND EBITDA IN 2016.

Doğan Holding's earnings before interest, tax, depreciation and amortization (EBITDA) rose by 37% to TL 474 million.

Total Assets
(TL billion)

7.8

KEY CONSOLIDATED FINANCIAL INDICATORS

Balance Sheet Summary TL million	Audited		
	31.12.2016	31.12.2015	31.12.2014
Total Assets	7,832	7,448	6,877
Current Assets	3,906	3,966	3,760
Non-current Assets	3,926	3,483	3,118
Short-term Liabilities	2,789	2,701	1,981
Long-term Liabilities	2,026	1,705	1,987
Shareholders' Equity	3,017	3,042	2,910

Income Statement Summary TL million	2016	2015	2014
Revenue	7,774	5,951	3,543
Gross Profit	1,280	1,027	790
Operating Profit/(Loss)	237	260	39
EBITDA ⁽¹⁾	474	347	179
EBITDA Margin (%)	6.1	5.8	5.0
Net Profit/(Loss) Attributable to Parent Company	-219	-161	-225

⁽¹⁾ Earnings before interest, tax, depreciation and amortization (EBITDA) has been calculated by the Company. EBITDA does not include Other Income/Expenses from Operating Activities, and Share of Gain/(Loss) on Investments accounted for by the equity method.



Profitability Ratios (%)	2016	2015	2014
Gross Profit Margin	16.5	17.3	22.3
Operating Profit Margin	3.0	4.4	1.1
EBITDA Margin	6.1	5.8	5.0

Liquidity Ratios	2016	2015	2014
Current Ratio	1.40	1.47	1.90
Acid-Test Ratio	1.24	1.33	1.77
Debt/Equity Ratio	1.60	1.45	1.36

SEGMENT ANALYSIS

	2016		2015	
(TL million)	Net Sales	EBITDA¹	Net Sales	EBITDA¹
Publishing	1,120	78	1,131	124
Broadcasting	1,091	131	1,095	63
Retail	676	25	619	26
Energy	4,334	222	2,743	126
Other	553	18	363	6
Total	7,774	474	5,951	347

⁽¹⁾ Earnings before interest, tax, depreciation and amortization (EBITDA) has been calculated by the Company. EBITDA does not include Other Income/Expenses from Operating Activities, and Share of Gain/(Loss) on investments accounted for by the equity method



DOĞAN HOLDİNG CONTINUES TO ACHIEVE
SUCCESS ACROSS DIFFERENT BUSINESS
LINES, MOVING STEADILY TOWARD
COMMON GOALS POWERED BY THE
GROUP'S SYNERGY.

Y. Begümhan DOĞAN FARALYALI
Chairwoman

MESSAGE FROM THE CHAIRWOMAN

Esteemed Stakeholders,

2016 was a year when challenging conditions prevailed in both the global economic environment and the Turkish economy. Globally, the main developments that created material effects across all national economies were the Federal Reserve's decision to continue to raise interest rates, the UK's decision to leave the EU by popular referendum, and OPEC member countries' agreement to cut oil output. Domestically, the Turkish economy demonstrated a weak performance owing to such adversities as the heinous July 15 coup attempt against our democracy and national unity, the increasing number of terrorist attacks, war in Syria, and the US dollar's appreciation against local currencies.

DOĞAN HOLDİNG'S SUSTAINABILITY STRATEGY FOCUSED ON VALUE CREATION

As Doğan Holding, we successfully continued creating value for our country, our Company and our shareholders by capitalizing on our deep-rooted expertise and experience during the challenging period of 2016. Shaping its operations in line with its long-term targets, Doğan Holding increased consolidated revenue by 31% and boosted earnings before interest, tax, depreciation and amortization (EBITDA) by 37% year-on-year, in line with the Company's new growth strategy. We have targeted to achieve long-lasting value for our stakeholders with our strong corporate governance and social responsibility approach, as well as a growth strategy reflected in our robust financial results.

As a holding company that shapes all its business processes around sustainability principles, we have taken a major step forward regarding the independent assessment of our sustainability-related activities by joining the BIST Sustainability Index in 2016. We have largely complied with the Capital Markets Board's Corporate Governance Principles and raised our corporate governance rating to 9.40 (93.98%) out of 10. As a result, we have bolstered our strong brand reputation through consistent efforts in this key area.

A STRONG SIGN ACROSS DIFFERENT BUSINESS LINES: DOĞAN HOLDİNG

As Doğan Holding, we have continued to achieve success across different business lines as we move toward common goals in a steady manner, powered by the Group's synergy. We maintained our market leadership with valuable brands in the media sector without compromising our responsible publishing/broadcasting approach. In addition, we took another step toward becoming one of the top five players in the petroleum products distribution sector with the Aytemiz brand. In the automotive sector, we have diversified our brand portfolio by signing a distributorship agreement with Piaggio after Suzuki, and undertaking the sales and after-sales operations of DAF-branded heavy commercial vehicles. On behalf of the Board of Directors, I would like to extend my gratitude to all our employees who have worked diligently in our various business lines to reach our common goals. Employing nearly 9 thousand persons at end-2016, our Holding will continue to strengthen its highly competent workforce, which it views as one of the most important factors underlying its sustainable success, with new recruitments planned in the coming period.

SOCIAL RESPONSIBILITY ACTIVITIES BOLSTERED OUR STRONG BRAND REPUTATION

At Doğan Group, we place a huge emphasis on social responsibility activities in diverse areas as a sign of our commitment to our country. In 2016, in collaboration with Aydın Doğan Foundation, we were proud to lead the way in enhancing girls' education opportunities with our efforts under the "Empowered Girls, Empowered Future" program. In addition, other than the Aydın Doğan International Cartoon Competition that we organize every year, we also help to spread sustainable agricultural practices in Turkey with the Organic Agriculture and Animal Husbandry project.

"LET'S DISCOVER OUR COMMON VALUES AND FORGE AHEAD TOGETHER"

In 2016, Doğan Group played a key role in helping to resolve major issues of our time such as Islamophobia, refugees and education. We realized the project entitled "Let's Find Our Common Ground and Forge Ahead Together," which you might have encountered in Hürriyet newspaper. Seeing that Turkish society has become increasingly polarized, yet still managed to overcome a severe crisis together, we decided that it was time to discuss together our common values and dreams. To this end, we initiated a social debate with ample participation. We set off from the idea that our common ground is stronger than our differences, and that we may pursue the dream for a "Turkey for All" only by emphasizing our common values. Immediately after the project was announced, we received positive feedback showing us that we have indeed touched upon an urgent issue. We shall continue this project through 2017 and beyond. The contribution of each Doğan Group employee and stakeholder is immensely valuable.

On behalf of Doğan Holding Board of Directors, I would like to express my gratitude to our stakeholders who have stood by us as we undertook ambitious initiatives despite the challenging market conditions in 2016. In the period ahead, we shall continue to focus on boosting our efficiency through specific strategies customized for each business lines, while creating new synergies between different business lines to bring about sustainable growth over the longer term.

As Doğan Group grows stronger, our companies will become stronger. And as our companies grow stronger, the Group as a whole will get stronger. As such, I believe that, we should focus on "working together" more than ever in 2017.

Best regards,



Y. Begümhan DOĞAN FARALYALI
Chairwoman

BOARD OF DIRECTORS¹



Y. Begümhan DOĞAN FARALYALI
Chairwoman



Hanzade V. DOĞAN BOYNER
Vice Chairwoman



Arzuhan DOĞAN YALÇINDAĞ
Board Member



Vuslat DOĞAN SABANCI
Board Member



İmre BARMANBEK
Board Member



Yağmur ŞATANA²
Board Member



Tayfun BAYAZIT
Independent Board Member



Dr. A. Vural AKIŞIK
Independent Board Member



Hacı Ahmet KILIÇOĞLU
Independent Board Member

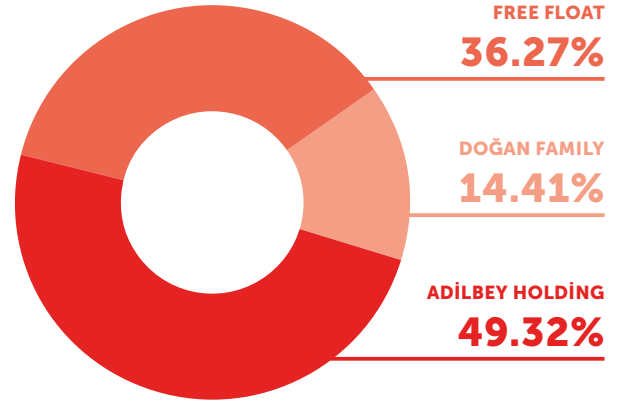
¹ Further information on the Board of Directors and Committees, and the resumes of the Board Members are available on the Company's corporate website (www.doganholding.com.tr).

² Based on the Board of Directors' resolution dated February 20, 2017 and numbered 2017/03, as Soner Gedik resigned from all his duties, including his duty as the Chief Executive Officer, which he holds in his capacity as a member of the Board of Directors of our Company, Yağmur Şatana was appointed as Board Member and Deputy CEO, effective as of February 20, 2017.

OUR SHAREHOLDING STRUCTURE

Doğan Holding's shareholders and the historical values of shares in equity at December 31, 2016 and December 31, 2015 are as follows:

Shareholders	Share (%)	December 31, 2016 (TL thousand)	Share (%)	December 31, 2015 (TL thousand)
Adilbey Holding A.Ş.	49.32	1,290,679	49.32	1,290,679
Doğan Family	14.41	377,126	14.41	377,126
Publicly Traded on Borsa Istanbul ⁽¹⁾	36.27	949,133	36.27	949,133
Issued Capital	100.00	2,616,938	100.00	2,616,938

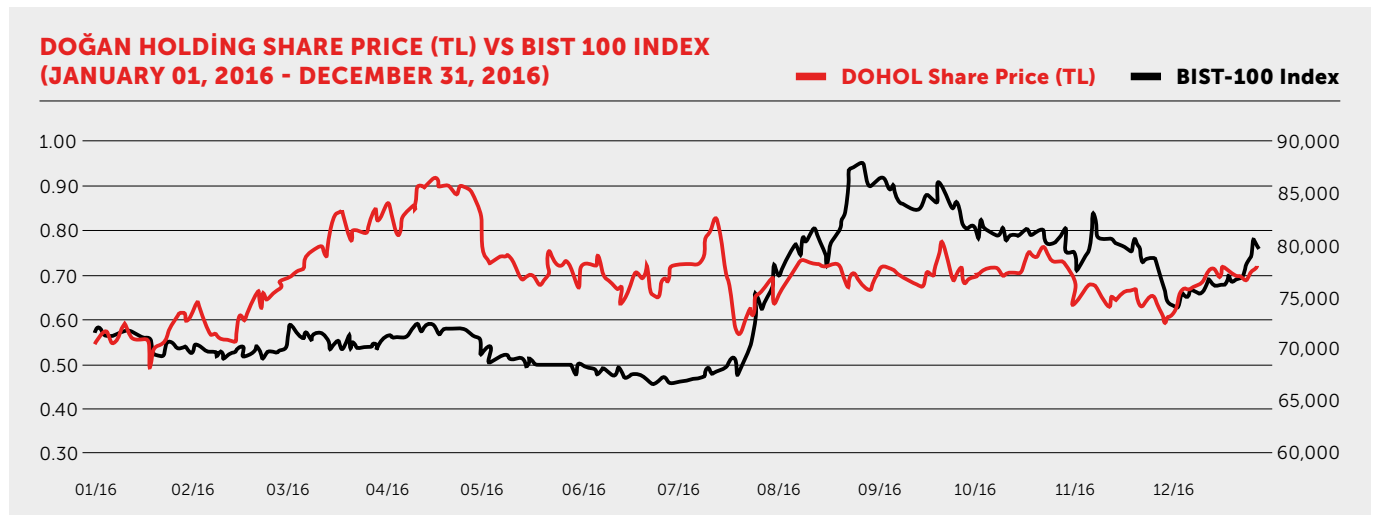


⁽¹⁾ According to the Capital Markets Board ("CMB")'s Resolution No: 31/1059 issued on October 30, 2014, amending Resolution No: 21/655 dated July 23, 2010, it is regarded that as of December 31, 2016, 35.95% of shares representing the share capital of Doğan Holding are outstanding (December 31, 2015: 35.94%), based on the Central Registry Agency ("CRA")'s records. The active circulation of actual shares is 35.95% as of the annual report date.

STOCK PERFORMANCE

The share price of the Doğan Group of Companies, traded on the stock exchange under the ticker "DOHOL," varied between a low of TL 0.46 and a high of TL 0.95 in 2016. At 2016 year end, the stock price increased 33% year-on-year and closing 2016 at TL 0.76. As BIST-100 Index went up 9% in 2016, DOHOL outperformed the index by 22%.

Doğan Holding was included in the BIST Sustainability Index, consisting of companies with a high corporate sustainability performance in the period from November 2016 to October 2017.





**DOĞAN HOLDİNG
MANAGEMENT
TEAM**





Yağmur Şatana (1)¹
Deputy CEO

Ahmet Toksoy (2)
CFO, Executive Committee Member

Erem Turgut Yücel (3)
Chief Legal Officer

Ayhan Sirtıkara (4)
Vice President, Management Coordination

Kemal Sertkaya (5)
Vice President, Internal Audit and Risk Management

Aygen Leyla Ayözger (6)
Vice President, Business Developments

Ayşıl Akcanbaş (7)
Vice President, Human Resources

Cem Kölemenoglu (8)
Vice President, Budget and Cash Management

Dr. Murat Doğu (9)
Vice President, Capital Markets, IFRS/CMB Reporting and Affiliates Oversight

Gündüz Tezmen (10)
Vice President, Occupational Health and Safety

Mehmet Yörük (11)
Vice President, Finance and Portfolio Management

Neslihan Sadıkoğlu (12)²
Vice President, Corporate Communications and Marketing

Selma Uyguç (13)
Vice President, Legal Affairs

Tolga Babalı (14)
Vice President, Financial and Administrative Affairs and Tax Management

Banu Çamlıtepe (15)
Director, Investor Relations

Handan Karakuş (16)
Director, Information Systems

Mehmet Muzaffer Göğüş (17)
Director, Financial and Administrative Affairs

Serkan Topçu (18)
Director, Financial Control and Tax Management

Tahir Ersoy (19)
Director, Financial Control and Tax Management

Tuncay Pamuklu (20)
Director, Human Resources System Development

Irmak Orman (21)
Manager, Board of Directors Office

Ebru Gül (22)
Manager, Executive Committee/CEO Office

¹ Based on the Board of Directors' resolution dated February 20, 2017 and numbered 2017/03, as Soner Gedik resigned from all his duties, including his duty as the Chief Executive Officer, which he holds in his capacity as a member of the Board of Directors of our Company, Yağmur Şatana was appointed as Board Member and Deputy CEO, effective as of February 20, 2017.

² Following the retirement of Ahter Kutadgu, Neslihan Sadıkoğlu was appointed as Vice President – Corporate Communications and Marketing effective as of March 1, 2017.

MANAGEMENT'S REVIEW

MESSAGE FROM THE EXECUTIVE COMMITTEE¹**OUR INVESTMENTS IN THE ENERGY SECTOR CONTINUED TO SUPPORT OUR REVENUES AND EBITDA.**

Doğan Holding's consolidated revenues grew at a compound annual growth rate (CAGR) of 22% over the last five years.

EBITDA
(TL million)
474

Esteemed Stakeholders,

Doğan Holding closed fiscal year 2016 with successful financial and operational results despite global economic fluctuations and market volatility. In line with our vision of sustainable growth, we have increased our revenues significantly with the contribution of our investments in the energy sector over the last five years. We also seized new opportunities for effective risk management by diversifying our customer portfolio.

REVENUES CONTINUE TO GROW STEADILY

As a result of our successful operations, we boosted our consolidated revenues by 31% to TL 7.8 billion in 2016. Energy remained the business line where we achieved the greatest revenue increase. Doğan Holding views growth as a long-term process in light of its deeply rooted corporate culture and innovative vision. With this perspective, the Company achieved a compounded annual revenue growth rate of approximately 33% over the period 2013 and 2016, while posting a growth rate of 22% over the last five years. Thanks to the positive contributions from the energy and media segments to our profitability, EBITDA jumped 37% year-on-year to TL 474 million, with a CAGR of 22% for the last three years.

AYTEMİZ AIMS TO JOIN THE TOP FIVE IN THE PETROLEUM PRODUCTS DISTRIBUTION SECTOR

The Holding returned to the petroleum products distribution sector in 2015 with the brand Aytemiz. In line with its strategy of joining the top five in the sector, the company continued its ascent by expanding its total dealer numbers from 414 to 502. In addition to Aytemiz's plans to expand its dealer network further in 2017, efforts also continued to boost customer satisfaction and upgrade the corporate identity, in line with the growth of its business volume and customer base. In renewable energy, Şah WEPP and Mersin WEPP, boasting currently a total installed capacity of 147 MW, joined our energy generation portfolio in 2012. These wind energy power plants account for 3% of national wind power generation and make an important contribution to our consolidated revenues and profitability.

OUR KNOW-HOW IN MEDIA GIVES LIFE TO INNOVATIVE PROJECTS

Doğan Holding maintained its leadership position in the media sector in 2016, leaving behind the competition with its strong content and responsible service approach. In publishing, Hürriyet was the "most-selling newspaper" and Posta the "newspaper with the largest reach." On the digital front, the Holding provided swift and top quality news articles to its followers via leading websites – such as hurriyet.com.tr, fanatik.com.tr and posta.com.tr. Meanwhile, hurriyet.com.tr continued to lead the way in the digital arena with innovations in its mobile and e-newspaper apps, and its effective social media presence.

Executive Committee²

Full Name	Title
Yağmur ŞATANA ¹	Deputy CEO
Ahmet TOKSOY	Member (CFO)
Erem Turgut YÜCEL	Member (Chief Legal Officer)

In 2016, we continued to lead in the magazine market, powered by our long-time collaboration with Burda and Egmont Groups. Additionally, Doğan Egmont, our leading brand in the children's book segment, continued to be among the top-selling publishing houses.

TURKEY'S MOST WATCHED TV CHANNEL: KANAL D

Our strong player in broadcasting, Kanal D remained the most watched channel in the "All Day A/B" category in 2016, while kanald.com.tr continued to be the most visited TV web site in Turkey. Synonymous with responsible, top quality journalism, CNN Türk topped the news channel rankings in the "All Day and Prime Time AB Group"; meanwhile, cnnturk.com doubled its visitor traffic in 2016 to become one of the fastest growing news websites. DMC reached a 45% market share in digital music sales in 2016. Turkey's first internet TV – Blu TV – under the umbrella of Doğan TV Holding, held a launch event for its first original series to be aired in 2017, thus pioneering the transformation of television in a world where watching habits are changing rapidly.

BRAND MIX ENRICHED WITH NEW BUSINESS PARTNERSHIPS

The Holding reentered the automotive sector by becoming the distributor of the global Japanese brand Suzuki. In a short span of time, we achieved a superior sales and after-sales performance to garner the "Fastest Growing Brand in Automotive in 2016" from the Association of Automotive Distributors. In addition, in line with our growth targets, we became the distributor of the Piaggio brand, which incorporates such legendary trend-setting models as Vespa, Piaggio, Motoguzzi and Aprilia. We also assumed the sales and after-sales operations of DAF-branded heavy commercial vehicles in Istanbul and other cities, through a partnership with PACCAR Group, one of the leaders of the segment in the American and European markets. We believe that, this enhanced portfolio of brands in the motor vehicle segment will contribute positively for our Holding in the period ahead.

OUR GROUP SYNERGY WILL BRING FURTHER GROWTH

We extend our sincerest gratitude to our employees, who became the architects of our 2016 achievements through their tireless work, as well as our investors, business partners, suppliers and other stakeholders for their robust support. Our top priority goal in 2017 will be to boost our revenue and profitability in all the sectors that we operate in. In the coming period, we shall maintain our growth in the energy business in an integrated fashion, and create high value by capitalizing on the synergies among our different businesses.

We will continue to move forward with confident steps guided by a clear vision and strong leadership, render our Holding's steady growth trajectory in human resources even more sustainable, and invest more in digitalization.

Best regards,

Doğan Holding Executive Committee

¹ Based on the Board of Directors' resolution dated February 20, 2017 and numbered 2017/03, as Soner Gedik resigned from all his duties, including his duty as the Chief Executive Officer, which he holds in his capacity as a member of the Board of Directors of our Company, Yağmur Şatana was appointed as Board Member and Deputy CEO, effective as of February 20, 2017.

² Further information on the Board of Directors and Committees, and the resumes of the Board Members are available on the Company's corporate website (www.doganholding.com.tr).

HIGHLIGHTS OF 2016

EFFECTIVE COST MANAGEMENT HELPED US OVERCOME THE CHALLENGING ECONOMIC CONDITIONS IN 2016.

Revenues
(TL million)
7.8

In 2016, Doğan Holding's gross profit was up by 25% to TL 1.3 billion.

FINANCIAL PERFORMANCE

Following new investments in recent years, Doğan Holding has increased the share of the energy segment in its overall portfolio. Thus attaining a more balanced portfolio structure, Doğan Holding continued to boost its consolidated revenue and operating profit in 2016 thanks to significant progress in increasing efficiency and cost-cutting.

Assessments on the 2016 activities of Doğan Holding are based on the independently audited consolidated financial statements for January 1 – December 31, 2016, their footnotes, and sector data.

REVENUES

Doğan Holding's consolidated revenues rose 30% year-on-year to TL 7,774 million in 2016. The largest contribution to this increase came from Aytemiz, where the Group has held a 50% stake since 2015. Energy segment revenues jumped 58% year-over-year – owing to Aytemiz and the rise in wind power production and trading figures – to TL 4,334 million. Energy segment revenues accounted for 55.7% of Doğan Holding's total revenues. Media segment revenues maintained their level from the previous year, while revenues from the retail segment grew 9.3% to TL 676 million. Sluggish economic growth, slow consumer demand and terrorist attacks hindered further growth in the retail sector in 2016. Doğan Holding's revenues and profitability from other segment was favorably affected by the distributorship agreement with Suzuki.

OPERATING PROFIT AND EBITDA

In 2016, Doğan Holding's gross profit went up 24.6% year-on-year to TL 1,279.7 million and EBITDA jumped 36.8% to TL 474 million. This result was due to the revenue rise on the energy side, together with cost-cutting and efficiency efforts by Group companies. In the broadcasting segment, the cost of goods sold and operating expenses dropped by 5.8% in total, with a positive effect on EBITDA.

OTHER INCOME AND EXPENSES

Net Other Income from Operating Activities was TL 228.2 million in 2016. This figure was TL 355.5 million in 2015 owing to the effect of the higher fx gains. Since Doğan Holding's cash position is mainly in foreign currency, the reduction in the Holding's cash position and the slower depreciation in the TL, compared to the previous year, resulted in such a drop in this figure.

Investments Accounted for by the Equity Method

showed a loss of TL 169.1 million in 2016, compared to a loss of TL 183.6 million in the previous year. Doğan Holding has given guarantee amounting to USD 64.4 million (TL 226.6 million) (December 31, 2015: USD 58.2 million) for Boyabat Elektrik's long-term project financing loan. This amount is limited to the amount of the net assets allocated to the Group by the collateral amount given by Doğan Holding to the project financing loan with



Operating Profit
(TL Million)
237

reference to the application of TAS 28, item 39, after the share of Boyabat Elektrik has decreased to zero and additional liability has been settled and the liability amount has been recognized. Details are available in the consolidated financial statements for the accounting period ending on December 31, 2016, Note 4 – **Investment Accounted for by the Equity Method.**

Net Income from Investment Activities

– which amounted to TL 46.1 million in 2015 due to the income from the sales of tangible and intangible assets and the share of sales profit from the sale of Nakkaştepe Gayrimenkul Yatırımları – dropped to TL 18.1 million expense in 2016, due to the rise in Expenses from Investment Activities in 2016. **Net Financing Expenses**, declined by 8.6% in 2016 owing to the drop in fx expenses to TL 378.9 million.

NET PROFIT/(LOSS)

Despite Operating Profit of TL 236.8 million in 2016, Net Profit Attributable to the Parent Company showed a loss of TL 219.2 million in 2016 (versus a loss of TL 160.8 million in December 2015), due to the negative impact of fx and interest expenses.

TOTAL ASSETS AND FINANCIAL STRUCTURE

In 2016, Doğan Holding's total consolidated assets amounted to TL 7,831.9 million. The Company's consolidated short-term liabilities were TL 2,788.7 million, and long-term liabilities totaled TL 2,026.0 million.

As of December 31, 2016, Doğan Holding's consolidated cash and cash equivalents (including blocked deposits) and financial investments amounted to TL 1,800.9 million. The Company's consolidated net debt, which includes short- and long-term borrowings, other debt and other long term financial liabilities, totaled TL 1,220.9 million (31.12.2015: TL 798.5 million net debt), while solo net cash stood at TL 79.4 million (31.12.2015: TL 52.4 million net cash).

In 2016, Doğan
Holding's total assets
amounted to
TL 7.8 billion

HIGHLIGHTS OF 2016

ACTIVE IN THE MEDIA BUSINESS FOR NEARLY 40 YEARS, DOĞAN HOLDİNG BOASTS UNDER ITS UMBRELLA THE PIONEER AND LEADING BRANDS OF BOTH CONVENTIONAL AND NEW MEDIA.

SEGMENT ANALYSIS

MEDIA

Active in the media sector for nearly 40 years, Doğan Holding boasts the pioneer and leading brands of both conventional and new media under its umbrella. The Group leads the sector in terms of service and content on offer and maintained its leadership position in the ad market.

Ad Market in Turkey: According to data obtained from Doğan Holding's Medyanet/Media Research and Reporting Department, the Turkish ad market in 2015 expanded 6.2%, and then grew by 8.9% in 2016, from TL 6,519 million to TL 7,096 million.

Television channels captured the lion's share of the total ad market as in previous years with a 50% share in 2016. Ad spending on TV channels is estimated to have risen by 10.4% in 2016 over the prior year to TL 3,561 million.

Continuing its fast growth as an advertising medium, the internet ranked number two after TV channels. According to data for 2016, internet ad spend is estimated to have increased by 16.3% in 2016, climbing to TL 1,849 million. As a result, the internet captured 26% of Turkey's total ad spending (2015: 24%).

Media/Publishing

Print Ad Spending in Turkey and Doğan Group: In 2016, the share of print in total ad spend continued to fall. Newspaper ad spend dropped 7.6% to TL 804 million, while magazines declined 7.8% to TL 110 million. In 2016, Hürriyet and Doğan Burda maintained their leadership position in total newspaper and magazine ad spend, respectively.

Newspaper Circulation in Turkey and Doğan Media Group: According to Turkish Press Advertisement Agency data, average daily newspaper circulation was at 3,634 thousand copies across Turkey in 2016 (2015: 4,508 thousand). An important factor behind this drop was the closing down of certain newspapers with a state of emergency statutory decree issued in July 2016.

In 2016, Hürriyet Group's average daily net circulation (Hürriyet and Hürriyet Daily News) amounted to 343 thousand copies (2015: 365 thousand,) while this figure was 414 thousand copies for Doğan Gazetecilik (Posta and Fanatik) (2015: 481 thousand). Hürriyet newspaper solely accounted for 338 thousand copies (2015: 359 thousand), while Posta realized an average daily net circulation of 301 thousand copies in 2016 (2015: 345 thousand).

Doğan Group as a whole recorded an average daily net circulation of 757 thousand in 2016 (2015: 846 thousand), with an estimated market share of 20.8% (2015: 18.8%).

AD SPENDING IN TURKEY (TL MILLION)

(January – December)	2016	2015	Change (%)
Television	3,561	3,226	10.4
Internet	1,849	1,590	16.3
Newspaper	804	870	-7.6
Outdoor	496	457	8.5
Radio	200	192	4.4
Magazine	110	119	-7.8
Cinema	76	65	17.6
Total	7,096	6,519	8.9



Total Magazine
Circulation of Doğan
Magazine Group
(million units)

4.0

Active in magazine
and newspaper
publishing, Doğan
Group has maintained
its leading position in
the ad market.

The website www.radikal.com.tr, which operates in digital format under the umbrella of Hürriyet Gazetecilik ve Matbaacılık A.Ş., ended its operation such as news articles and columns as of August 15, 2016.

Magazine Circulation in Turkey and Doğan Media Group:

Based on Doğan Burda Magazine Sales Department data, some 9.8 million copies were sold in the total ad-receiving magazine market – which includes Doğan Burda – in Turkey in 2016, a contraction of 31% compared to the previous year. The drop in magazine circulation was mainly due to some groups' withdrawal from the magazine market, and the adverse developments in the second half of the year.

Together with Doğan Burda and the children's magazines published by Doğan Egmont,

Doğan Magazine Group's total magazine sales amounted to 4.0 million copies in 2016 (2015: 5.2 million) with a total market share of 41% (2015: 36%). The drop in circulation numbers was due to restructuring activities in distribution channels for cost savings efforts; falling sales in youth, PC and technology magazines; and the discontinuation of some seasonal magazines.

With a total of 80 titles (three weekly magazines, 20 monthly magazines, seven special periodic magazines, and other miscellaneous magazines) on offer, Doğan Burda sold 3.8 million copies (2015: 4.9 million), thereby maintaining

its market leadership position with a 39% share in 2016. In 2016, there was a 7.8% contraction in the magazine ad market and Doğan Magazine Group maintained leadership in the ad sector.

Financial Review of Publishing Segment

In 2016, total ad revenues in publishing declined 5.7% year-on-year due to the contraction in the domestic ad market and the downtrend in international ad revenues. The main factor behind the fall in ad revenue was the economic and political problems based on the countries in which the Company's international subsidiary Trader Media East Ltd. operate, and the ongoing drop in print ad revenues.

The Group's circulation and printing revenues remained unchanged compared to the previous year. Despite the drop in circulation figures, the rise in newspaper and magazine cover prices kept circulation revenue stable. In 2016, consolidated publishing revenues (before inter-segment eliminations) declined only 2.1% over the prior year to TL 1,158.4 million.

Paper costs, which constitute an important portion of the cost of goods sold in the publishing segment, is related to newsprint prices in the USA, Canada, Northern Europe and Russia, which in turn are affected by global paper prices and the USD/TL exchange rate. Newsprint prices fell from USD 570/ton in early 2015 to USD 566/ton in 2016, a 1% drop.

HIGHLIGHTS OF 2016

DOĞAN GROUP MAINTAINED ITS LEADERSHIP POSITION IN PUBLISHING IN TERMS OF ADVERTISING AND CIRCULATION.



Consolidated Revenue
of Publishing
(TL billion)

1.2

PUBLISHING

TL thousand	January 1 - December 31, 2016	January 1 - December 31, 2015	Change (%)
Consolidated Revenues ^(*)	1,158,400	1,182,911	-2.1
Gross Profit	335,135	390,445	-14.2
EBITDA ^(*)	77,987	124,365	-37.3
EBITDA Margin (%)	6.7	10.5	
Profit (Loss) before Tax	-28,439	30,460	-

^(*) Segment revenues and EBITDA figures are provided before inter-segment eliminations. EBITDA has been calculated by Doğan Holding.

REVENUE BY SEGMENT

TL thousand	January 1 - December 31, 2016	January 1 - December 31, 2015	Change (%)
External Revenues	1,119,852	1,131,330	-1.0
Advertising Revenues	484,728	513,828	-5.7
Circulation and Printing Revenues	260,182	260,097	0.0
Other	374,942	357,405	4.9

Although newsprint prices in USD terms remained unchanged from the prior year and the Group's paper consumption fell, the adverse impact of the fluctuation in foreign exchange rates brought spending on paper up by 5.6% in 2016 over the prior

year. With the added effect of the increase in other costs, gross profit from the publishing segment fell by 14.2% in 2016, and EBITDA slipped to TL 78.0 million.



Kanal D became Turkey's most watched TV channel in the All Day A/B Group category.

Media/Broadcasting

TV Ad Market in Turkey and Doğan TV:

The television segment accounted for a 50% share in total ad spending in 2016, maintaining its leading position as in previous years. Total TV ad spending is estimated to have increased 10.4% year-on-year to TL 3,561 million. Kanal D, a TV channel operating under Doğan Holding, ranked second in terms of ad market share in 2016.

TV Ratings: TNS Kantar Media (TNS) data related to the ratings for "All Day-All Audiences" and "Prime Time-All Audiences" show that the total ratings for the first seven channels (in alphabetical order: ATV, Fox TV, Kanal D, Show TV, Star TV, TRT 1 and TV8) came in at 50.2% and 59.6%, respectively, in 2015. These figures soared to 52.4% and 62.2%, respectively, in 2016 for this same seven-channel group. The closing down of certain TV channels was the main reason for the rise in the ratings for this group.

According to TNS data, Doğan Holding's TV channel Kanal D, continued to enjoy one of the most watched TV channels in Turkey in 2016, with a rating of 8.54% in "All Day-All Audiences" (2015: 8.25%) and a rating of 9.33% in "Prime Time-All Audiences" (2015: 9.23%). In the "All Day A/B Group" category, Kanal D garnered a rating of 8.88% (2015: 8.70%) and was Turkey's most watched TV channel in 2016.

CNN Türk, which came on air in 1999 as a joint venture of Doğan Media Group and Time Warner, was the most watched news channel in the January – December 2016 period in the All Day/A/B Group and the "All Day – All Audiences" and "Prime Time – All Audiences" categories, according to TNS data.

Doğan Holding's other entertainment channel, teve2 appeals to audiences of all ages with its diverse content structure and program range. Featuring highly popular foreign and domestic TV series, movies, documentaries, and other programs, Turkey's entertainment channel teve2 reached a rating of 1.09% in the "All Day – A/B Group" and 1.07% in the "All Day – All Audiences" category, according to TNS data for January 1 – December 31, 2016.

Digital Platform: According to a sector report published by the Information and Communication Technologies Authority of Turkey, broadband internet users in Turkey jumped from 48.6 million as of 2015-end to over 59.1 million as of third quarter 2016, including 10.1 million fixed internet users and 49 million mobile internet subscribers. Included in this figure, the number of xDSL subscribers rose to 7.5 million (31.12.2015: 7.2 million), the number of fiber internet subscribers went up to 1.8 million (31.12.2015: 1.7 million), and cable internet subscribers rose to 0.7 million (31.12.2015: 0.6 million). Total pay TV subscribers on the satellite platform is estimated at 5.4 million (31.12.2015: 5.3 million).

HIGHLIGHTS OF 2016

D-SMART CLOSED FISCAL YEAR 2016 WITH 936 THOUSAND PAY TV AND 307 THOUSAND ADSL SUBSCRIBERS.

As of end 2016, the total number of Pay TV subscribers of D-Smart, a digital platform operating under Doğan Holding, was 936 thousand (2015: 977 thousand), while ADSL users amounted to 307 thousand (2015: 346 thousand).

Financial Review of Broadcasting Segment

In 2016, consolidated broadcasting revenues (before inter-segment eliminations) amounted to TL 1,114.9 million, remaining flat from the prior year.

The Group Management has evaluated the estimations regarding the presentation of the cost of domestic TV series in the financial report by considering the foreign sales of domestic TV series that is continuing to increase in recent years in the current period. As a result of this evaluation, some part of the domestic TV series costs which has been recognized in full as program costs as of the date of the broadcasting, has been started to be recognized as program rights as of January 1, 2016. If the domestic TV series, which have been presented as "program rights", have been presented as "program stocks", the program cost would be TL 52.4 million more in the current period (as presented in the consolidated financial statements for the accounting period ending on December 31, 2016, Note 2.2 – Summary of Key Accounting Policies).

BROADCASTING SEGMENT

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
Consolidated Revenues ^(*)	1,114,879	1,116,937	-0.2
Gross Profit	277,339	193,659	43.2
EBITDA ^(*)	131,365	63,283	107.6
EBITDA Margin (%)	11.8	5.7	
Profit (Loss) before Tax	-118,218	-188,836	-37.4

^(*) Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding.

REVENUE BY SEGMENT

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
External Revenues	1,091,013	1,095,234	-0.4
Advertising Revenues	574,065	497,320	15.4
Subscription Revenues	393,460	444,176	-11.4
Other	123,488	153,738	-19.7

The changes in the accounting system for program costs in 2016 and the savings in program expenditure resulted in a 43.2% increase in gross profit of broadcasting, which rose to TL 277.3 million. Broadcasting EBITDA, jumped from TL 63.3 million in the previous year to

TL 131.4 million in 2016. Loss before taxes, which stood at TL 188.8 million in 2015, declined to TL 118.2 million in 2016, as a result of improvement in operations and the decline in foreign exchange losses.



With its network expansion, Aytemiz made the biggest leap forward among distribution companies in the sector in 2016.

ENERGY

Developments in the Turkish Petroleum Products and LPG Distribution Sector and Doğan Group:

Doğan Holding's subsidiary Doğan Energy acquired a 50% stake in Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz") in March 2015, heralding the Group's return to the petroleum products and LPG distribution sector.

2016 was relatively a calm year for the petroleum products sector when compared with the previous year, which saw the introduction of a price ceiling and numerous station handovers. The Energy Market Regulatory Authority did not place a limit on the total profit margins of dealers and distributors, thereby allowing profit margins to remain at relatively reasonable levels.

Station Handovers: With a decision reached in 2009 and implemented in 2010, the Competition Authority limited the duration of dealership agreements to five years, leading to increased station transfers in 2015. Aytemiz emerged from this period as the distribution company recording the biggest increase in the number of stations, and maintained this

success in 2016. Aytemiz boosted the number of its licensed stations by 88, from 414 as of December 31, 2015 to 502 as of December 31, 2016. As a result, with its station network expansion Aytemiz made the biggest leap forward among distribution companies in the sector in 2016, as in the previous year. Aytemiz aims to expand its station network in Turkey further with new dealers set to join the Aytemiz family in 2017.

Oil Prices: Due to the continued excess supply of oil across the world, oil prices fell to as low as USD 27/barrel in January 2016, before ending the year at USD 57/barrel due to decisions reached at the official OPEC meeting held in Vienna on November 30, 2016. These decisions dictated that OPEC members will cut daily oil production by 1.2 million barrels/day for a six-month period starting on January 1, 2017. On December 10, 2016, OPEC and 11 non-OPEC countries including Russia convened and announced that non-OPEC countries will slash their daily oil production by 558 thousand barrels/day. The course of oil prices in 2017 will be shaped by the implementation of the agreed production cuts and the effects of these cuts on excess supply.

HIGHLIGHTS OF 2016

IN 2016, AYTEMİZ'S TOTAL SALES OF PETROLEUM PRODUCTS INCREASED BY 64% TO 809 THOUSAND TONS, WHILE TOTAL LPG SALES ROSE 34% TO 117 THOUSAND TONS.

Electricity production in Turkey increased by 4% in 2016 to 270,000 GWh.

Petroleum Product and LPG Sales in Turkey and Aytemiz:

According to the 2016 sector report published by the Energy Market Regulatory Authority (EMRA), total petroleum product sales by distributors in the sector rose 17.3% year-on-year to 26,704,067 tons, while total LPG sales ticked up 1.1% to 4,105,173 tons. During the year, Aytemiz's total petroleum product sales jumped 64.4% to 809,164 tons, while its total LPG sales increased 34.0% to 116,557 tons.

Developments in Turkish Electricity Production and Sales, and Doğan Group:

In 2016, Turkey's total installed capacity expanded 7.3% year-on-year to 78,497 MW. Hydroelectric resources account for the highest share in installed capacity in Turkey at 34%, while wind power plants make up 7.3% of total installed capacity in the country.

In 2016, Turkey's electricity production increased 3.9% year-on-year to 269,810 GWh. Some 50.4% of this production was natural gas and imported coal-based, while domestic coal accounted for 16.1%, hydroelectric power plants for 24.8%, and wind power plants for 5.7% of total production. During the year, Turkey's total electricity consumption went up 4.1% over the prior year to 274,755 GWh.

In 2016, applications to join the Renewable Energy Resources Support Mechanism (YEKDEM) reached an all-time high with 647 power plants applying. According to the final YEKDEM list issued by EPDK, the total capacity of these

applications surpassed the previous year and amounted to 17,972 MW. Since YEKDEM support is paid in US dollars/cents, the depreciation of Turkish lira in 2016 prompted a rise in applications to YEKDEM as the revenue gap between the wholesale electricity market and YEKDEM increased.

Electricity prices went up 1.9% in 2016 over the prior year. The biggest factor behind this rise was the cold weather front, which started being felt in November and then hit hard in December, and the ensuing natural gas crisis. Natural gas consumption for heating purposes especially in residences increased; as a result, long-term blackout orders of up to 90% were sent to power plants generating electricity from natural gas. Due to the decline in electricity supply, the all-time sales record was broken and spot prices reached TL 1,900/MWh. The December price average brought the annual price average up by TL 7/MWh.

Doğan Group's Şah WEPP and Mersin WEPP account for 2.6% of Turkey's total wind power installed capacity as of end 2016. Şah WEPP and Mersin WEPP generated 3.0% of Turkey's total electricity generation from wind power in 2016. Of the joint ventures in which the Holding has a stake, Boyabat HEPP and Aslancık HEPP account for 2.4% of Turkey's total installed hydroelectric power capacity, and 1.7% of total electricity generation from hydroelectric power. In 2017, Şah WEPP, Mersin WEPP and Aslancık HEPP will be on the YEKDEM list.

Galata WEPP and Aslancık WEPP will be on the YEKDEM list in 2017.



Financial Review of Energy Segment

Consolidated revenues and EBITDA of the energy segment include electricity generation at wind power plants, trade in electricity and the distribution of petroleum products. Aytemiz is consolidated into the Doğan Energy and Doğan Holding financial statements through the full consolidation method. In 2016, owing to the increase in the number of Aytemiz stations, sales revenues from petroleum products and LPG soared by 63.3% over the prior year to TL 3,473.9 million. However, the figures for 2015 include activities from March 11, 2015 until December 31, 2015 when Aytemiz started to be consolidated.

Thanks to the operations of Aytemiz and D Tes, consolidated revenues in the energy segment in 2016 rose 57.6% over the previous year to TL 4,365.7 million, gross profit climbed 79.7% to TL 318.9 million, and EBITDA increased 76.1% to TL 222.4 million.

The joint ventures Boyabat Elektrik and Aslancık Elektrik are consolidated via the equity method. In the energy segment, a loss of TL 149.5 million was recorded in Investments Accounted for by the Equity Method in 2016, versus a loss of TL 183.2 million a year earlier. Doğan Holding has given guarantee amounting to USD 64.4 million (TL 226.6 million) (31 December 2015: USD 58.2 million) for Boyabat Elektrik's long-term project financing loan. This amount is limited to the amount of the net assets allocated

ENERGY

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
Consolidated Revenues	4,365,741	2,770,792	57.6
Gross Profit	318,873	177,423	79.7
EBITDA ^(*)	222,448	126,286	76.1
EBITDA Margin (%)	5.1	4.6	
Profit (Loss) Before Tax	-117,241	-194,595	-39.8

^(*) Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding.

REVENUE BY SEGMENT

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
External Revenues	4,334,052	2,742,588	58.0
Electricity Sales	860,152	614,792	39.9
Petroleum Products & LPG Sales	3,473,900	2,127,796	63.3

to the Group by the collateral amount given by Doğan Holding to the project financing loan with reference to the application of TAS 28, item 39, after the share of Boyabat Elektrik has decreased to zero and additional liability has been settled and the liability amount has been

recognized. As such, a smaller share of Boyabat Elektrik's loss for the period of 2016 fell upon the Group. The losses before taxes of the energy segment went from TL 194.6 million in 2015 down to TL 117.2 million in 2016.

HIGHLIGHTS OF 2016

D&R OFFERS A WIDE RANGE OF CULTURE AND ENTERTAINMENT PRODUCTS TO ALL, VIA 151 RETAIL STORES ACROSS TURKEY, AND THE E-COMMERCE WEB SITES DR.COM.TR AND IDEFIX.COM.TR.



Financial Review of Retail Segment

In 2016, consolidated revenues of the retail segment increased 9.2% year-on-year to TL 676.8 million while gross profit rose 16.7% to TL 267.3 million. As of January 1, 2016, the Turkish minimum wage rose 30% from TL 1,000 to 1,300, bringing up retail sector personnel expenses for the retail segment. Additionally, the depreciation of the Turkish lira had an adverse impact on rent expenses, which are generally denominated in US dollars. In 2016, retail segment EBITDA came in at TL 24.7 million with the impact of the rise in marketing, sales and distribution costs. The retail segment's profit before taxes stood at TL 3.2 million for the year.

RETAIL

The activities of Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("D&R") fall into the retail segment. Offering a wide-range of products such as books, music, films, electronics, hobby items, games, souvenirs and stationery, D&R has a total of 151 stores as of end-2016, around the same level as the prior year. The total sales area increased by 1% over the previous year and amounted to 60,438 m². D&R's online stores – www.dr.com.tr and www.idefix.com.tr – received an average of 5.3 million unique visitors per month in 2016.

RETAIL

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
Consolidated Revenues	676,853	619,920	9.2
Gross Profit	267,344	229,140	16.7
EBITDA ^(*)	24,695	26,476	-6.7
EBITDA Margin (%)	3.6	4.3	
Profit (Loss) before Tax	3,211	17,062	-81.2

^(*) Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding.



OTHER ACTIVITIES

"Other" activities comprise subsidiaries active in industry, tourism, trade and other sectors. In 2016, consolidated revenues in this segment increased 48% over the previous year to TL 594.2 million. While industrial companies' revenues, which constitute a prominent part of other segment revenues, remained mainly unchanged from a year earlier, tourism revenues declined due to the fall in the number of tourists coming to Turkey. "Other" revenues also comprise the Holding's operations in motor vehicles, real estate marketing and organic farming. Suzuki Motorlu Araçlar Pazarlama A.Ş., which was established in 2015 to distribute Suzuki-branded vehicles, motorcycles and marine engines, bolstered the increase in this segment's revenues in 2016. EBITDA of the "other" segment came in at TL 17.9 million in 2016 (2015: TL 6.4 million).

Developments After the End of the Period (Division of Milta Turizm İşletmeleri A.Ş. ("Milta")):

Doğan Holding's Board of Directors decided on December 22, 2016 to found the Istanbul-based companies Marlin Oto Kiralama Seyahat Hizmetleri A.Ş. ("Marlin Oto"), İlke Turistik Yatırımlar A.Ş. ("İlke"), Marlin Otelcilik ve Turizm A.Ş. ("Marlin Otelcilik") and Neta Yönetim Danışmanlık Havacılık Hizmetleri A.Ş. ("Neta"). Procedures to establish Marlin Oto, İlke, Marlin Otelcilik

OTHER ACTIVITIES

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
Consolidated Revenues	594,206	401,386	48.0
Gross Profit	144,266	117,855	22.4
EBITDA ^(*)	17,938	6,370	181.6
EBITDA Margin (%)	3.0	1.6	
Profit (Loss) before Tax	100,493	226,948	-55.7

^(*) Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding. The EBITDA figure for the "Other" segment includes the adjustments for eliminations.

REVENUES BY SEGMENT

TL thousand	January 1 – December 31, 2016	January 1 – December 31, 2015	Change (%)
External Revenues	553,323	363,212	52.3
Industry	222,485	218,506	1.8
Tourism	62,167	66,767	-6.9
Other	268,671	77,939	244.7

and Neta by Doğan Holding were registered on December 27, 2016. The division of Milta Turizm İşletmeleri A.Ş. ("Milta") was registered on March 9, 2017.

Following completion of the division procedures, Milta Turizm's branches will start operating under the names Marlin Oto, İlke, Marlin Otelcilik and Neta.

OPERATIONS

MEDIA



NEWSPAPER CIRCULATION
MARKET SHARE

21%



MAGAZINE CIRCULATION MARKET
SHARE

41%



TV RATINGS* (ALL DAY - A/B)

8.9%



DIGITAL PAY TV NUMBER OF
SUBSCRIBERS

936 THOUSAND



CONSOLIDATED REVENUE

TL 2,273 MILLION



GROSS PROFIT

TL 612 MILLION



EBITDA

TL 209 MILLION

**Each media company
under the umbrella of
Doğan Group plays a
pioneering role in its
business area with a truly
innovative vision.**

* Kanal D



HÜRRİYET HAS BEEN THE FLAGSHIP OF THE TURKISH PRESS SINCE ITS ESTABLISHMENT IN 1948 WITH ITS INNOVATIVE APPROACH TO PUBLISHING AND COMMITMENT TO ETHICAL PRINCIPLES OF JOURNALISM.

PUBLISHING

NEWSPAPER PUBLISHING

Hürriyet

Hürriyet has been the symbol of independent and reliable journalism in the Turkish press through its commitment to both ethical principles and innovative approach of publishing. By means of its unique news-reporting style, rich content delivered through both printed and digital media, and supplements that reflect all the vibrancy of life, Hürriyet expands the horizons of its readers.

Posta

Since its launch in 1995, Posta has appealed to a wide audience with its rich content and dynamic journalism approach. In 2016, Posta maintained the title of "Turkey's most-read newspaper". According to the BİAK1 report, Posta has an average daily readership of 2 million – by far the highest figure in the sector.

Fanatik

Since its founding 21 years ago, Fanatik has been closely followed by sports fans of all ages and social groups for its high quality sports journalism. Fanatik is differentiated by a wide range of applications available to readers, including e-gazette, live web TV, smart mobile phones, tablets, social media, and live score, making it a true pioneer in this area. Fanatik has an average daily readership of 0.9 million according to BİAK¹ data.

Hürriyet Daily News

Turkish Daily News, established on March 15, 1961 with the slogan "The World's Window on Turkey," joined Doğan Group on January 20, 2000. Renamed Hürriyet Daily News on November 3, 2008, the newspaper has rapidly become the pioneering and leading English-language news source for Turkey and the region. With a publication life spanning more than half a century, Hürriyet Daily News constantly and dynamically renews and revitalizes itself in its capacity as Turkey's oldest continuously published English-language newspaper. Hürriyet Daily News is a popular newspaper in both print and online, and continues to serve as a major news source for Turkey and the greater region.

TME

In 2007, Hürriyet acquired a 67.3% stake in Trader Media East Ltd. (TME), thus carrying out the largest overseas acquisition by a Turkish company up until that date, and entering the international arena. In 2014, TME closed its offices in Hungary, Croatia, Bosnia-Herzegovina and Serbia, and continued its activities in Russia, Ukraine, Belarus and Kazakhstan. As of end-2016, Hürriyet holds a 97.29% in TME, which is undertaking a rapid transition from print publishing to online classified ads. TME's prominent brands include İz Ruk Ruki, one of Russia's most popular media companies, and Irr.ru, Russia's leading online classified ads website.

¹ BİAK, TR Press Readers Research 12-03. Cumulative figures (01.12.15-30.11.16).

MEDIA

HURRIYET.COM.TR IS A PIONEERING FORCE IN THE DIGITAL ARENA WITH INNOVATIONS ON MOBILE AND E-GAZETTE PLATFORMS AND A STRONG SOCIAL MEDIA PRESENCE.



DIGITAL ACTIVITIES

Ad Marketing

Doğan İnternet Yayıncılığı ve Yatırım A.Ş. (MedyaNet)

MedyaNet, Turkey's leading online ad marketing company, provides a wide range of services in display, mobile, online video, performance-driven digital marketing, social media and native advertisement.

Working in collaboration with Turkey's leading publishers, MedyaNet identifies ad space in internet-based communication channels and offers them to advertisers. MedyaNet manages the entire advertisement process, including publishing ads, reporting ad data, performance management. The company also offers solutions to deliver ads to target audiences in an efficient manner.

News Portals

hurriyet.com.tr

Aiming to extend its market leadership in publishing to online journalism, Hürriyet launched hurriyet.com.tr on January 1, 1997 and became one of the first newspapers in Turkey to go online. From 2000 onwards, hurriyet.com.tr went beyond being the online version of the newspaper to become a news portal that delivers the latest developments round-the-clock. Transformed into a social news platform in 2014, hurriyet.com.tr is a pioneering force in the digital arena with innovations on mobile and e-gazette platforms and a strong social media presence. Committed to enabling users to access the site via all devices, Hürriyet became the first Turkish app available on Apple Watch in 2015.

hurriyet.com.tr is widely followed through social media and its content ranks among the most frequently shared of any website hosted in Turkey. The web site reaches out to readers via all digital channels. As of end-2016, hurriyet.com.tr has reached 16.5 million followers on social media.

Boasting a strong position in digital publishing, hurriyet.com.tr received 5 million unique visitors per day, 60 million visitors per month and nearly 50 million page views per day on average in 2016. The enhanced Hürriyet e-gazette's mobile app, upgraded in May 2016, went up from 290,000 to 500,000 active users per month.

hurriyet.com.tr has become one of the most popular news sites producing content that rapidly goes viral.



**hurriyet.com.tr Number
of Social Media Followers
(million person)**
16.5

posta.com.tr

posta.com.tr was launched in 2009 to offer the rich content of Posta newspaper to online readers. As a prominent online news reporting platform, posta.com.tr received an average of 3 million unique visitors monthly in 2016. Meanwhile, the mobile version was visited by an average of 900 thousand unique visitors per month.¹ posta.com.tr boasts 262 thousand followers on Facebook and 100 thousand followers on Twitter.

fanatik.com.tr

fanatik.com.tr – the country's leading sports website – received an average of 4.6 million unique visitors and more than 154 million page views per month in 2016. Presenting high quality sports news coupled with a unique approach to journalism, fanatik.com.tr's mobile site counted nearly 5.1 million users a month in 2016.² fanatik.com.tr prioritizes social media engagement and has 2.5 million followers on Facebook, and 1.1 million followers on Twitter.

hurriyetdailynews.com

Enriched with blogs and extensive social network integration, hurriyetdailynews.com provides readers the most up-to-date, accurate news on a wide range of topics, from politics to arts, economy to technology, sports to everyday life. With its Facebook and Twitter accounts and mobile apps, Hürriyet Daily News is rapidly moving towards its goal of further broadening its audience base. hurriyetdailynews.com's page views went up from 18 million in 2015 to 19 million in 2016.

Classified Ads and Social Content Websites

hurriyetemlak.com

Launched in 2006 as Hürriyet newspaper's online real estate platform, hurriyetemlak.com is a real estate portal that collects the entire sector on a comprehensive website. With an extensive ad portfolio, up-to-date news, innovative products and projects, the website stays abreast of developments in the real estate sector. As of year-end 2016, hurriyetemlak.com had 6 million unique visitors² monthly.

At Hürriyet's Extraordinary General Assembly Meeting dated March 2, 2017, it was decided to execute the process of transfer of "Hürriyet Emlak Şubesi" operating under the structure of Hürriyet together with its assets and liabilities and relevant rights and obligations hereof to the company "Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş." under the "Partial Demerger In Simplified Procedure Through Participation Model".

hurriyetoto.com

hurriyetoto.com, a rapidly growing platform for the automotive sector, increased both its number of visitor and ads year-on-year in 2016.

**fanatik.com.tr
prioritizes social media
engagement and has
2.5 million followers on
Facebook, and 1.1 million
followers on Twitter.**

¹ Gemius, December 2016.

² Google Analytics, 2016.

MEDIA

WITH THE SLOGAN “YOUR FAMILY’S GUIDE BOOK,” HURRIYETAİLE.COM OFFERS PARENTS THE RELIABLE HEALTH, PSYCHOLOGY AND EDUCATION INFORMATION THEY REQUIRE ROUND-THE-CLOCK.



yakala.co

Operating in the group purchases category of e-commerce, yakala.co is also described as an opportunities site, discount site or coupon site. yakala.co offers individual users the chance to participate in budget-friendly activities that will enrich their lives. Conversely, it provides contracted local and global companies the chance to increase brand recognition and revenues by engaging in direct sales. yakala.co keeps a close watch on international trends in digital platforms, as well as technological advancements that bring about a more reliable, faster and hassle-free shopping experience. According to 2016 data, yakala.co sold over 456,000 coupons and acquired 166,000 new subscribers (users).

yenibiris.com

Turkey's most innovative human resources platform, yenibiris.com has been active since 2000. Over 150 thousand firms – from multinationals to SMEs, startups to counseling firms – prefer yenibiris.com in their human resources selection and assessment processes. As of end-2016, yenibiris.com had an average of 2.2 million unique visitors monthly.¹

hurriyetaile.com

With the slogan “Your Family’s Guide Book,” hurriyetaile.com offers parents the reliable health, psychology and education information they require round-the-clock. Recording a monthly average of 3.7 million unique visits¹, hurriyetaile.com is the undisputed leader in its category. The site also makes a difference by providing users with a personalized mailing service.

mahmure.com

With a monthly average of 5 million visitors¹, mahmure.com mainly focuses on a female audience. As Turkey's very first online publication centered on women, mahmure.com enjoys a privileged place in the eyes of advertisers with its competitive edge and high brand recognition. In popular topics such as fashion and beauty, romance and relationships, sexual health and astrology, mahmure.com organizes various online and offline activities to reach out especially to young women. The site also expends efforts to boost the number of its young female followers. In fourth quarter 2016, mahmure.com was repositioned within hurriyet.com.tr under the menu mahmure.hurriyet.com.tr.

bigpara.com

Having completely upgraded its web infrastructure in 2015, bigpara.com successfully implemented two new revenue models on mobile apps. bigpara.com offers users two subscription packages with different licenses – standard and ad-free. Under its partnership with Ak Yatırım, the site gives subscribers the chance to trade via its buy/sell pool.

Drawing an average of 8 million visits¹ in 2016, bigpara.com launched its mobile apps in line with user preferences during the year. bigpara.com started providing BIST data to users in return for a subscription as a result of its agreement with Borsa İstanbul A.Ş. (BIST). The site also offered investors the chance to trade in FX via its app, through a deal reached with Foreks. After the successful launch

¹ Google Analytics, 2016.

Doğan Burda, with a total of 80 periodical publications in its portfolio, maintains its success in magazine publication.



of these mobile apps, enrichment of the subscription experience with new features (analysis and other paid content), and the reinforcement of its position in the Android market, bigpara.com boosted its subscriber base to 40 thousand.

Magazine and Book Publishing

Doğan Burda Dergi

Featuring magazines that have original and creative content, Doğan Burda is the leader of the magazine publishing sector in Turkey. With three weekly magazines, 20 monthly magazines, seven magazines with special periods, Doğan Burda boasts a portfolio of 80 publications and continues to be a successful player in the sector.

In 2016, Doğan Burda continued to invest in magazine publishing. In addition, Doğan Burda also publishes its well-established brands and new magazines both in print and online. While adhering to its approach of being a responsible publisher, Doğan Burda – the sector leader – aims to further the quality and efficiency of its well-established brands. The company also plans, as always, to introduce innovations to customers in 2017.

Doğan Egmont

Doğan Egmont, a leading book and magazine publisher that attracts a broad readership of all ages and interests, was founded with the partnership of Doğan Group and Scandinavia's well-established media group Egmont in 1996.

Doğan Egmont, embracing the philosophy that "Reading is the future" and featuring more than 1,000 children's books and 22 magazines in its portfolio, plays an important role in the personal development of youth and children. The company, which is the leader in the children's book and magazines market, publishes books and magazines – such as Disney, Mattel, Hasbro, Harper Collins and Scholastic – in addition to other significant publications for children from Turkey and around the world.

Doğan Egmont closely monitors developments in the sector. In order to be able to reach out to a diverse readership and establish targeted communications with different groups, Doğan Egmont introduced the following sub-brands to the sector between 2011 and 2014: DEX in 2011; DEX Plus in 2013; CEO Plus and Doğan Novus in 2014.

Doğan Egmont maintained its leadership in the children's magazines market with around a 44% share.

Doğan Kitap

Doğan Kitap publishes outstanding works of Turkish literature as well as the best examples of contemporary world literature in Turkish. Doğan Kitap maintains its strong and highly reputable position in literature and attracts significant attention with its bestselling books and high volume sales.

Continuing to provide top quality, select works to Turkish readers in 2016, Doğan Egmont issued 673 new books (189 for adults, 484 for children), and sold over 4 million copies. The publisher of 22 children's magazines, Doğan Egmont continued to invest in e-book technology and boosted its e-book offering to 650 titles, most under the Doğan Kitap brand.

DPP (Magazine Marketing and Planning)

DPP, which is active in magazine marketing and planning, continues to be the indisputable and highly respected sector leader with its foreign partnerships and successful business areas.

MEDIA

DOĞAN DISTRIBUTION (DOĞAN DAĞITIM) DELIVERS FAST, SECURE AND COMPREHENSIVE SERVICES ACROSS TURKEY WITH ITS EFFECTIVE AND ROBUST NETWORK ORGANIZED UNDER SEVEN REGIONAL DIRECTORATES AND 183 MAIN DEALERS.

The photograph of Aylan Kurdi taken by DHA correspondent Nilüfer Demir sent ripples across the world in 2016 and was deemed worthy of "Press Photo of the Year" and "News Photo of the Year" awards.

Closely monitoring the latest technologies, Doğan Printing Center is the biggest printing center in Turkey with its vast machinery park and production capacity.

News Agency

Doğan Haber Ajansı (Doğan News Agency, DHA)

Doğan News Agency was established in 1963 under the name Hürriyet News Agency as Turkey's first private national news agency. In 1999, the news agency merged with Mil-Ha, a subsidiary of Doğan Group, and was renamed Doğan News Agency (DHA). Since its founding, DHA and its professional and experienced reporters, cameramen and live broadcast teams have met the demand in Turkish media for reliable, high-quality news, images and photographs. DHA has embraced the slogan "Only News, Just in Time," as it provides its audience with accurate news quickly and by adhering to the principle of objectivity. DHA conducts its operations in accordance with the Doğan Media Code of Conduct, which is formulated in line with the main principles of global journalism. As a result, the news agency also functions as an important source of information on developments in and around Turkey for international press.

The photograph of Aylan Kurdi taken by DHA correspondent Nilüfer Demir sent ripples across the world in 2016 and was deemed worthy of "Press Photo of the Year" and "News Photo of the Year" awards. Furthermore, TIME, one of the world's most renowned news magazines, designated this photograph as one of the 15 most influential photos across the world. DHA correspondent Nilüfer Demir also garnered the "UN Journalists Association Gold Prize" and "Sedat Simavi Journalism Award" for this exceptional photograph.

Printing, Distribution and Foreign Trade

Doğan Dağıtım (Doğan Distribution)

Doğan Dağıtım's seven regional directorates and effective and powerful organization of 183 main dealers have helped it become Turkey's most well-established and wide-ranging distribution company, providing swift, reliable and meticulous services. Doğan Dağıtım undertakes distribution activities for 18 national and 20 regional newspapers, in addition to 16 weekly, one bi-weekly, 102 monthly and 136 bi-monthly and longer-term domestic publications. Furthermore, the company also conducts the countrywide distribution activities for 540 foreign publications.

Doğan Printing Center

Doğan Printing Center (DPC)'s facilities closely monitor new technologies, use advanced production techniques, and comprise a well-established machinery park with high production capacity. As a result, DPC is Turkey's largest and most well-equipped printing center. Doğan Printing Center is also well-known internationally with its service quality and its leadership position in the sector. In six cities in Turkey and in Germany, the company undertakes the printing of Doğan Group's weekly, monthly and periodical publications as well as newspapers and supplements of other media groups.



Hürriyet conducts its European printing and publication operations under Doğan Media International GmbH, established in 1999 as Doğan Holding's window on Europe.

Doğan Media International

Hürriyet executes its European operations from its news center and printing center located in Mörfelden-Walldorf near Frankfurt. Hürriyet was launched in Europe following the first wave of Turkish workers' migration to Germany in the 1960s. With its European editions, Hürriyet is the oldest, uninterrupted Turkish language newspaper that reaches out to various generations of migrants from Turkey living across the continent.

Hürriyet conducts its European printing and publication operations under Doğan Media International GmbH, established in 1999 as Doğan Holding's window on Europe.

In total, the printing center publishes nearly 30 different publications in five alphabets and eight languages, and operates as Hürriyet's German branch. Besides Hürriyet Newspaper, the following international newspapers are also printed at the center: The Wall Street Journal's, Nikkei's and Financial Times' German and regional editions; the continental Europe editions of US publication Stars&Stripes and the Japanese publication Asahi; regional editions of Bild Newspaper, the newspaper with the highest circulation in Germany; Sportwelt, an important source of information for equestrian sports; and the Arabic Asharq Al-Awsat.

Other periodic publications printed at the facility include: Poland's Info&Tips; the Chinese China Daily; Rhein Hunsrück of the Rheinland-Pfalz region; the free-of-charge Trigonal, Hayat and Nokta; The Security Times and New Europe, important sources of information for opinion leaders. Together with these publications, more than 300 thousand copies of newspapers are printed at the center and sent to kiosks daily.

Doğan Dış Ticaret (Doğan Foreign Trade)

Doğan Dış Ticaret mainly operates in the import of paper and printing blocks. The company also functions as an agent in the trade of paper, cardboard, packaging products; an importer of digital products (satellite receivers, modems, and the like); and a global supplier focused on the retail market. Doğan Dış Ticaret's operations are predominantly targeted at publishing – newspapers, magazines and books. The company is currently working on new agency operations in the packaging and cardboard sector, to expand its products portfolio in these growing areas. Doğan Dış Ticaret expends efforts to expand its business volume in the global supply of various products sold in the retail sector. In 2016, Doğan Dış Ticaret obtained ISO 9001 Quality Management System and ISO 27001 Information Security Management System certification to render its operations more sophisticated and secure.

MEDIA

ACCORDING TO TNS A.Ş. DATA, KANAL D WAS THE MOST WATCHED TV CHANNEL IN 2016 IN THE ALL DAY A/B GROUP AS IT WAS THE PREVIOUS YEAR.

Unique Visitors of
kanald.com.tr per
Month (million persons)

9.3

Unique Visitors of
cnnturk.com per
Month (million persons)

16

BROADCASTING

TELEVISION BROADCASTING

Kanal D

Kanal D appeals to a broad range of audiences and introduces them to different and creative projects with its management perspective open to change. According to TNS A.Ş. data, between January 1 and December 31, 2016, Kanal D had a rating of 8.88% in the All Day/A/B socio-economic group and a 8.54% rating in the "All Day-All Audiences" category. In Prime Time, it has reached a 9.18% rating in the A/B socio-economic group and 9.33% in All Audiences. According to rating figures, Kanal D was the most watched TV channel in 2016 in the All Day A/B socio-economic group as it was the previous year.

kanald.com.tr has maintained its position as Turkey's most frequently clicked TV website for many years. According to Google Analytics December 2016 figures, the website receives 9.3 million unique visitors and more than 122 million total page views monthly. In addition, according to the Group's calculations, a total of 950 million videos were viewed on kanald.com.tr throughout the year. With more than 13 million followers in total, Kanal D continued to be active on social media in 2016 through effective and frequent use of its corporate accounts.

CNN Türk

CNN Türk was launched on October 11, 1999 as a joint venture of Doğan Media Group and Time Warner. CNN Türk is the first national channel managed outside the station's Atlanta headquarters and the first to offer 24-hour news coverage in another national language. CNN Türk is also the first Turkish TV channel formed via international partnership. CNN Türk stands out in the broadcasting sector as an exemplary foundation, objective journalism offering political, life style, financial, sports news shows as well as entertainment programs on TV.

CNN Türk coverage is also available on CNN Türk Radio. CNN Türk live coverage is available on all platforms including on mobile applications as well as social media accounts.

CNN Türk, providing speed, quality and reliability all at once, has assumed a leading role in online news through its cnnturk.com website and effective use of its social media accounts. According to Google Analytics December 2016 data, cnnturk.com has 16 million unique visitors and over 154 million page views per month. In 2016, the website's visitor traffic demonstrated an uptrend. cnnturk.com figured among the fastest growing websites in 2016, doubling its visitor numbers over the prior year.



Kanal D Romania is the third most-watched channel in the country.

teve2

teve2 appeal to a wide range of audiences with its variety of content, structured programs and frequently mentioned with local and foreign series, cinema and documentary movies. According to TNS data, Turkey's entertainment channel teve2 had a rating of 1.09% in the "All Day-A/B socio-economic group" and 1.07% in the "All Day-All Audiences" category between January 1-December 31, 2016.

Dream TV

Launched in 2003 with the slogan, "Follow Your Dreams," Dream TV broadcasts the latest pop music videos, alternative Turkish music videos and special music documentaries. The channel also provides live broadcasts from music festivals and concerts. Making the best of new media and related opportunities, Dream TV operates with the aim of becoming a youth channel with its new content, which incorporates interactive programs and online facilities into television broadcasting.

Dream Türk

In 2004, with the "Native Language of Music" slogan, Dream Türk also gained the appreciation of music lovers with its Turkish pop video clips and special programming that appeal to a wide range of audiences. Dream Türk responds to audience song requests and broadcasts live programs featuring the top performers of the day. In 2017, the channel will continue to bring the best and latest examples of popular music to its audience and serve as a platform for fresh talent.

Kanal D Romania

As the face of Kanal D in Romania, Kanal D Romania started broadcasting in 2007 with a national broadcast license. The channel received widespread acclaim with its original broadcasting approach and became one of Romania's most watched television channels shortly after its launch. After starting to broadcast some of its programs in full HD in 2014, Kanal D Romania began to broadcast its entire content as full HD in 2016. Kanal D Romania is one of the two corporations broadcasting full HD programming in Romania. Kanal D increased its rating from 7.1% in 2015 to 7.7% in 2016, becoming one of the top three TV channels in the country.

Euro D

Launched in 1996 to help Turkish expats keep abreast of developments in Turkey, Euro D is on air across eight European countries via satellite and 45 different operators. In 2016, Euro D launched the website eurod.kanald.com.tr for the viewing audience to keep track of program schedules. The channel also started efforts to reach out to Turkish viewers in the American and Australian continents.

MEDIA

D-SMART WAS PRESENTED WITH THE “BEST STRATEGIC PRACTICE” AWARD IN THE “MARKETING IMPACT” CATEGORY OF THE 11TH EDITION OF THE FELIS AWARDS, ORGANIZED TO RECOGNIZE THE MOST EFFECTIVE AND CREATIVE PROJECTS.



DIGITAL PLATFORM

D-Smart

D-Smart, operating under the umbrella of Doğan TV since 2007, figures among Turkey's leading digital broadcasting platforms. Continuously enhancing its content and services in line with the latest trends, D-Smart offers its subscribers digital content via over 290 channels, 84 of which are in HD. The D-Smart broadcast platform comprises HD quality film and series channels, 15 different documentary channels including the National Geographic and Discovery groups, all the national channels and channels broadcast via the Türksat satellite.

D-Smart's rich content includes countless sports programs such as the British Premier league, Bundesliga, NBA games and NBA TV, Formula 1, Volleyball Champions League, Handball Champions League, tennis tournaments, cycling races, martial arts and equestrian sports in addition to a large array of children's programs, life style shows and 50 digital music channels.

D-Smart is constantly growing with the investments it makes at the intersection of digital broadcasting and internet technologies. In line with its overall strategy, D-Smart closely monitors changing market dynamics. In response to customer needs and requests, D-Smart teamed up with the internet service supplier Smile in 2010; starting from 2014

onwards, it began to provide internet services under the brand D-Smart Internet. D-Smart has created an entertainment platform, which delivers internet and television services to consumers through a single channel, combining convenient prices with accessible services. As such, D-Smart is the first DTH (direct to home) platform in Turkey that provides double play (TV + internet services) in a single package and with a single invoice.

In addition to satellite TV, D-Smart also offers subscribers its services via internet with D-Smart GO. D-Smart GO users access D-Smart's vast content anytime anywhere over computers, smartphones and tablets.

On top of its ongoing deal with Sony, D-Smart signed a long-term agreement in 2016 with 20th Century Fox, a leading global movie studio. With this agreement, D-Smart has further enriched its constantly expanding content offering by obtaining the right to be the first broadcaster of all 20th Century Fox-produced films. This deal gives D-Smart a significant advantage in the competition among cinema channels.

D-Smart has enriched its sports content with British Premier League matches. It also started to offer the single-price invoice option featuring exclusive sports channels in the "Family Sports Package" as well as unlimited internet connection. D-Smart has defied the sector's conventional patterns and enhanced its image of a warm, sincere and transparent brand, by exempting its subscribers of the monthly price, internal setup fee, activation fee, stamp tax and lean internet fee for the first month.



D-Smart was presented with the "Best Strategic Practice" award in the "Marketing Impact" category of the 11th edition of the Felis Awards, organized to recognize the most effective and creative projects. D-Smart has also garnered two "Golden Effie" awards in the "Challenging the Big" and "Media Broadcasting" categories at the Effie Turkey Advertising Efficiency Contest – one of the most prestigious advertising competitions in Turkey.

BluTV

BluTV is a content viewing platform that allows subscribers to watch thousands of domestic and international TV series, movies and live broadcasts, at anytime, anywhere. Using computers, tablets, mobile devices or smart TVs, viewers can easily access over the internet domestic and international films and series, live TV broadcasts, sports and lifestyle content, and most importantly, exclusive productions available only on BluTV.

BluTV geared up its operations in 2016. After the launch of the web platform in January 2016, the company completed its applications running on Android and iOS platforms. In the second and third quarters of the year, BluTV boosted its customer base through ads placed in TV, radio, newspaper and the internet, and went on to develop applications for smart TVs as well. In fourth quarter 2016, BluTV started its overseas operations and commenced setting up sales channels to deliver domestic content to Turkish expats overseas. In December, BluTV reached the deals necessary to produce the domestic and international series, which will star famous names and air only on BluTV

in 2017. The company's marketing and business plans focus on achieving rapid growth by means of these series.

RADIO BROADCASTING

Radyo D

Radyo D is one of the first radio stations in Turkey to broadcast nationally. Radyo D broadcasts mainly Turkish pop music. Radyo D reaches its audiences via the D-Smart digital platform, the Türksat satellite, the terrestrial broadcasting network, internet broadcasts and radyonom.com website, in addition to applications for tablet and mobile devices.

Slow Türk

Slow Türk aims to make the best love songs accessible to a broad radio audience under the slogan "The Frequency for Love." With its beautiful, romantic love songs played during the day, the channel quickly became one of the most popular radio channels in Turkey. Slow Türk reaches audiences via digital platforms, the Türksat satellite, the terrestrial broadcasting network and internet broadcasts, in addition to applications for tablets and other mobile devices.

CNN Türk Radyo

Established as a joint venture between Doğan Group and Time Warner, CNN Türk Radio is on air round-the-clock. With its sophisticated journalistic perspective, CNN Türk Radio provides simultaneous radio broadcasts of the content on the CNN Türk TV channel, while also offering special programming unique to the radio channel. In 2016, CNN Türk Radio expanded its broadcast network,

transforming from a regional entity to a national radio station.

radyonom.com

Doğan Radio Group, committed to undertaking pioneering initiatives in the Turkish radio sector, launched the website radyonom.com in 2014. radyonom.com continues its broadcasts with radio channels that feature a wide variety of genres, as well as rich musical content, news and the latest music videos. With its user-friendly interface, the digital platform radyonom.com provides practicality to radio listeners, and is also accessible via mobile applications.

TV AND MUSIC PRODUCTION

D Productions

One of the leading production houses in Turkey, D Productions was founded under the name ANS International in 1992 and joined the Doğan TV Holding family in 1998. Since 2005, the company has operated under the name D Yapım Reklamcılık ve Dağıtım A.Ş., producing TV series, programs, movies and providing movie distribution services. Additionally, Kanal D Home Video, owned by D Productions, offers a wide range of films for those who want to enjoy cinema-quality movies at home.

Doğan Music Company (DMC)

DMC maintained its leading position in the sector with 25% market share in CD sales, 40% in radio & TV playlists and 45% in digital sales in 2016. In 2016, DMC created the Glamorous Celebrity Management Agency (GCMA) to enter into actor management and casting agency services.

ENERGY



NUMBER OF FUEL STATIONS
502



TOTAL INSTALLED CAPACITY
WEPP 147 MW
HEPP 633 MW



TOTAL ELECTRICITY TRADE
5 BILLION KWH



CONSOLIDATED REVENUE
TL 4,366 BILLION



GROSS PROFIT
TL 319 MILLION



EBITDA
TL 222 MILLION

Energy is one of
Doğan Holding's core
business lines.



DOĞAN HOLDİNG'S ENERGY INVESTMENTS WERE ALL GATHERED UNDER DOĞAN ENERJİ, WHICH WAS ESTABLISHED IN 2000.

DOĞAN ENERJİ YATIRIMLARI SANAYİ VE TİCARET A.Ş.

With nearly 20 years of experience in the energy industry, Doğan Holding sees energy investments as one of its core business lines. To this end, Doğan Energy was established in 2000 to engage in the production, distribution, domestic and international wholesale and retail trade of energy from any source and to realize investments in Turkey and the region. As such, Doğan Holding's energy investments were all gathered under a single umbrella.

AYTEMİZ AKARYAKIT DAĞITIM A.Ş.

Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz") was established in 2009 by the Aytemiz Family who has been in the petroleum products sector since 1963. The same year, it received a petroleum products distribution license from the Energy Market Regulatory Authority (EMRA) and began conducting activities in this field. Aytemiz operates in the distribution and marketing of petroleum products.

Doğan Enerji, a direct subsidiary of Doğan Holding, entered into a share purchase and shareholder agreement on January 29, 2015 with Aytemiz, purchasing and transferring 50% of Aytemiz's shares in cash and in a single payment; the process was completed on March 11, 2015. As of December 31, 2016, Aytemiz had 502 stations (December 31, 2015: 414 stations), 11 refilling points and five storage facilities through which it engages in petroleum products and LPG storage and distribution activities.

Aytemiz has a total storage capacity of 133 thousand m³ in the İzmit, Kırıkkale, Trabzon, Erzincan and Mersin terminals, which the company owns. The first phase of the Alanya Terminal was constructed in 2016 and commissioned in early 2017, bringing the company's total storage capacity up to 181 thousand m³. Aytemiz plans for the second phase of the Alanya Terminal to be completed toward end-2017, thereby adding another 55,400 m³ to its total storage capacity.

In 2016, Aytemiz's total petroleum product sales increased by 64.4% to 809,164 tons (807,526 tons of white products; 1,638 tons of black products). In addition, the company's market share reached 3.03% (December 2015: 2.16%). During the year, Aytemiz's total LPG sales went up 34.0% to 116,557 tons, translating into a total market share of 2.84% (2015: 2.13%).

During the handovers of stations in 2010 and 2015, Aytemiz became the brand acquiring the largest number of stations. The company completed fiscal year 2016 as the fastest growing player in the petroleum products distribution sector in terms of number of acquired stations. Keen to become one of the top five players in the market with its high quality products and services, Aytemiz plans to continue expanding its station network in 2017.



ENERGY

“AYTEMİZ CARD” IS SET TO MAKE A DIFFERENCE IN THE SECTOR SINCE ITS POINTS-BASED LOYALTY PROGRAM IS MORE ADVANTAGEOUS THAN COMPETITOR PRODUCTS.



In 2016, Aytemiz also placed an emphasis on efforts to boost brand recognition. To this end, the company carried out operational improvements and upgrades for stations, the station-portal, web- and mobile-based services, training programs for stations, mystery customer surveys, standardization of staff uniforms in stations, and meetings with dealers. Furthermore, the company enhanced brand recognition by dedicating a significant budget to image campaigns, and product, service and partnership communications.

During the year, the company started the distribution of “Aytemiz Card,” which provides instant data management and reporting over the CRM system – a new practice by Aytemiz. The infrastructure of the CRM system was established,

and its automation integration was duly completed at all contracted stations in 2016. “Aytemiz Card” allows customers to earn points or discounts as they purchase petroleum products from Aytemiz. This offering is set to make a difference in the sector as its points-based system is more advantageous than its peer products. The card started being distributed in November 2016, and has already reached over 15,000 active users. In 2017, the company will focus on increasing the number of visitors and enhancing customer satisfaction and loyalty, by means of various partnerships and campaigns.

The corporate identity enhancement project conducted at Aytemiz stations saw general maintenance and cleaning carried out in older stations during the year; meanwhile, the exemplary station project was put in place across the new stations. In 2017, the company plans to continue efforts to transform the exemplary station format for Aytemiz stations.

In 2016, 3,576 employees working at 476 Aytemiz stations attended training programs while training controls were conducted via 1,035 visits to these stations.



Aytemiz
Number of Fuel Stations
502

In addition to these training programs, regional trainers offer coaching support to the personnel of the stations that they visit periodically. In 2016, a mystery customer survey was conducted, with visits across a total of 544 stations: 401 Aytemiz stations and 143 rival stations. During the year, the company also broke ground in the sector by organizing theatrical staff training programs in six provinces, in collaboration with Umut Oğuz and the Kurumsalhanne team. Some 556 employees from 170 stations participated in this program.

To date, 164 station employees made use of the online training section found in the stations portal launched in September, for purposes of personal development. Following the Aytemiz – Castrol partnership established in 2016, personnel in 231 stations received product information training. In addition to these training activities, the BizAytemiz magazine launched in 2016. This publication aims to bolster in-house and external communication and provide information to stations and suppliers about Aytemiz in particular and the sector in general.

In 2016, Aytemiz conducted the annual stations meetings with the participation of over 500 station and company personnel. During the two-day event, assessments were made on the investments undertaken by Aytemiz in 2015 and 2016, as well as a discussion of future projects and investments.

Aytemiz, boasting a station network across Turkey, has achieved a high market share and occupies a strong, market leading position. Aytemiz ranks among the largest main distribution companies in the petroleum products distribution sector. With the growth targets it aims to meet in 2017, the company is committed to continually capturing more market share.

ENERGY

MERSİN WEPP IS ONE OF THE MOST EFFICIENT WIND POWER PLANTS INSTALLED IN TURKEY.

Şah & Mersin WEPP
Installed Capacity (MW)
147

Mersin WEPP's
installed capacity is
scheduled to increase
to 63 MW by 2017.

ŞAH WEPP & MERSİN WEPP

Keen to grow in the field of renewable energy, Doğan Energy entered the wind power generation sector in 2012. At that time, the company added Mersin WEPP and Şah WEPP, which operate under the name Galata Wind Enerji A.Ş., to its power plant portfolio. As Doğan Energy's wholly owned subsidiaries, Mersin WEPP operates in Mersin province, Mut district, and Şah WEPP in Balıkesir province, Bandırma district. Following the handover procedures, the installed capacity of Mersin WEPP was increased from 33 MW to 42 MW in 2013, and that of Şah WEPP went up from 93 MW to 105 MW. Mersin WEPP and Şah WEPP, whose licenses were obtained in 2007 and 2008 respectively, have a total installed capacity of 147 MW and together are anticipated to generate 500 million kWh of electricity annually. Mersin WEPP makes an especially crucial contribution to Doğan Energy's portfolio as one of the most efficient wind power plants installed in Turkey, given its location and production figures.

Aiming to enhance its installed capacity in wind power, Doğan Energy initiated work to boost the capacity of Mersin WEPP in July 2016. Under this project, construction is ongoing to commission six Vestas V112 model turbines with an installed capacity of 3.45 MW. The plan is to commission the new turbines and raise the plant's installed capacity to 62.7 MW in 2017.

Keen to expand its wind power investments, Doğan Energy will keep a close watch on future wind power tenders by the Ministry of Energy and Natural Resources and any handovers of existing plants.

D-TES

Doğan Energy wants to be active not only in energy generation but also in electricity wholesale and retail trade. In 2013, Doğan Energy increased its stake from 25% to 100% in D-Tes Elektrik Enerjisi Töptan Satış A.Ş. ("D-Tes") by purchasing the remaining 75% shares, becoming its sole shareholder. In the wake of the state-subsidized TEDAŞ privatizations, important opportunities have appeared in the independent consumers segment. Through D-Tes, which holds an electricity wholesale license, Doğan Energy continues to expand its electricity sale portfolio day by day, achieving 5 billion kWh in electricity trade in 2016.

ASLANKIÇ DAM AND HEPP

Aslancık Dam and Hydroelectric Power Plant is situated on Harşit Brook within the town limits of Doğanlık and Tirebolu in Giresun province. The project's construction began in fourth quarter 2010 and the first 60 MW unit was commissioned in March 2014. With the commissioning of the second 60 MW unit in September 2014, the facility started full capacity production.



Aslancık DAM and HEPP has reinforced the Group's investment vision in the energy sector, while providing 100% domestic contribution to the national energy supply.

Doğan Holding has a 25% stake in the project while Doğan Enerji holds an 8.33% share in the 120 MW Aslancık Dam and HEPP Project. The other partners of the project are Anadolu Group and Doğu Energy. The project's electricity generation license was received from EMRA on March 20, 2008; the facility is expected to generate 418 million kWh of energy annually. Aslancık HEPP is the second HEPP project commissioned by Doğan Energy. The facility has reinforced the Group's investment vision in the energy sector, while providing 100% domestic contribution to the national energy supply.

BOYABAT DAM AND HEPP

The 513 MW Boyabat Dam and HEPP is located in northern Turkey, on the Kızılırmak River. Doğan Energy owns 33% of Boyabat Elektrik Üretim ve Ticaret A.Ş. The other partners of the project are Unit Elektrik and Doğu Enerji. The license of the Boyabat Dam and HEPP project was obtained from the Energy Market Regulatory Authority (EMRA) on November 13, 2007. The project became fully operational in 2012. The Boyabat project is expected to generate about 1.5 billion kWh of electricity per year.

GAS PLUS ERBİL (GPE)

The Group also has a 20% net interest in oil exploration and production activities in Northern Iraq through a joint venture company – Gas Plus Erbil. In 2014-2015, oil production took place at the Phase 1 production wells located in the Bastora and Benenan oil fields. While some of the oil extracted from these fields is exported, most is sold on the local market. The data collected was assessed in the years 2015-2016, and there was a special focus on heavy oil production techniques. In 2016, the engineering process for the Phase 2 development program continued, with another well planned to be added to the existing wells in production. In 2017, the company will undertake a technical operation to be able to continue production in an existing well and also drill for a horizontal production well in the Benenan field.

RETAIL



NUMBER OF ONLINE VISITORS
(PER MONTH)

5.3 MILLION



TOTAL NUMBER OF STORES

151



CONSOLIDATED REVENUE

TL 676 MILLION



GROSS PROFIT

TL 267 MILLION



EBITDA

TL 25 MILLION

D&R also fulfills a social responsibility role by motivating the public to read books, listen to music and watch films.



D&R'S ONLINE STORES - DR.COM.TR AND IDEFIX.COM.TR - ATTRACT 5.3 MILLION VISITORS PER MONTH.

DOĞAN MÜZİK KİTAP MAĞAZACILIK VE PAZARLAMA A.Ş. (D&R)

D&R, the retail investment of Doğan Holding, offers a unique service concept in hobby and culture retailing across a wide geographic area. D&R aims to encourage everyone to discover, enjoy and share the world of culture and entertainment more frequently and conveniently. The retailer creates a world that enriches every moment of life by drawing people together around a common platform.

Founded in 1996, D&R opened its first store in 1997, in Erenköy, Istanbul. As of year-end 2016, D&R operated 151 stores, with a total sales area of 60,438 m². D&R stores, located on the busiest streets and in modern shopping malls, are visited by an average of 3 million customers monthly, and offer more than 175 thousand varieties of products for sale.

D&R fulfills an important social responsibility by motivating the public to read books, listen to music and watch films. D&R stores offer a wide range of products, from books to music, movies to electronics, games to hobbies, souvenirs to stationery. Admired by customers with their extensive product selection as well as appealing cultural events, D&R stores also contribute to the cultural development of visitors by reserving designated areas for reading and hosting book signing days with famous authors.

D&R's online stores – dr.com.tr and idefix.com.tr – increased their number of unique visitors in 2016 to 5.3 million, up 6% over the prior year. Doğan Holding plans to further expand D&R's footprint by investing in new stores, thus bolstering the market leader's retail network.

Closely monitoring innovations in the rapidly developing retail sector, D&R plans to continue its steady growth performance by seizing profitable investment opportunities. D&R plans to continue investing in both e-commerce and retail stores to maintain its leading position and increase brand awareness.



INDUSTRY



ÇELİK HALAT PRODUCTION
56,611 TONS



DİTAŞ PRODUCTION
4 MILLION UNITS



INDUSTRY SEGMENT
CONSOLIDATED REVENUE
TL 223 MILLION

The shares of Çelik Halat
and Ditaş are traded on
Borsa İstanbul.



ÇELİK HALAT REALIZED NET PRODUCTION AND SALES VOLUME OF 57 THOUSAND TONS IN 2016.

ÇELİK HALAT VE TEL SANAYİİ A.Ş.

As one of Doğan Group's oldest industrial investments, Çelik Halat was founded in 1962 in order to meet the high demand for carbon steel wire and rope in Turkey; the company became operational in 1968. Çelik Halat is subject to the Capital Markets Law, and the company's shares have been listed on Borsa İstanbul since January 10, 1986.

Continuously improving and growing since the day it was founded, Çelik Halat manufactures steel wire ropes, industrial galvanized wires, industrial spring wires, bead wires and concrete strands. The ropes and wires produced by Çelik Halat have been used securely in cranes, construction, oil and mining, ships, elevators, transportation vehicles, agricultural vehicles and many other areas for many years.

Çelik Halat is positioned as a strong and leading brand. It is the number one manufacturer in the industry in terms of industrial know-how, organizational structure and sales. Çelik Halat achieves a high sales volume in every operating region thanks to its quality-oriented products and services.

The company formulates strategies to transfer its domestic market success to the international arena to increase its exports. Since its establishment, Çelik Halat has increased its brand value thanks to its high-quality products portfolio. Today, the company continues to build on its solid domestic and international reputation and makes a difference with its success.

The company has had TSE EN ISO 9001:2008 Quality Management System and environmental safety certifications such as ISO 14001 and OHSAS 18001 for many years. In addition, Çelik Halat holds API logo usage permission with its quality approved by the American Petroleum Institute along with "Red Vein" Trademark Registration Certification and Lloyds quality certifications. Çelik Halat is also the only Turkish company that actively participates in the EWRIS (European Steel Wire Ropes Manufacturers Federation), CET (European Wire Manufacturers Committee) and ESIS (European Concrete Strand Manufacturers Association) organizations.

In 2016, Çelik Halat recorded net production of 56,611 tons (2015: 55,423 tons), and sales volume of 57,131 tons (2015: 54,130 tons). Net sales of the company amounted to TL 153 million in 2016 (2015: TL 140 million).



INDUSTRY

DİTAŞ IS THE CLASS "A" SUPPLIER OF TURKEY'S LARGEST VEHICLE MANUFACTURERS.



Ditaş Production
(million units)

4.0

DİTAŞ DOĞAN YEDEK PARÇA İMALAT VE TEKNİK A.Ş.

Founded in 1972 to operate in the automotive supplier industry, Ditaş manufactures steering and suspension systems parts for all types of vehicles. Ditaş holds a significant share in the replacement market. Ditaş is subject to the Capital Markets Law, and the regulation of the Capital Markets Board. The company's shares have been listed on Borsa İstanbul since May 21, 1991.

With nearly 45 years of experience, Ditaş is one of the biggest steering and suspension systems manufacturers in Turkey. The most important factors behind the company's sustainable success include: the strong brand reputation resulting from operating under the umbrella of Doğan Holding; closely monitoring technological trends and developments of the industry; and using

state-of-the-art IT systems in the plants, highly skilled human resources, modern engineering systems and advanced integrated manufacturing facilities.

Ditaş has taken important steps to become a reputable brand as an original equipment supplier in the global automotive market and also in the automotive aftermarket. The company has decided to further carry out sales and marketing for its products with three separate local companies that respectively serve: the Commonwealth of Independent States including Russia; Asia Pacific countries; North and South America. For this reason, the company established three companies (in the Russian Federation, People's Republic of China and the US); 100% of the capital of these companies belongs to Ditaş. The storage facility that opened in Moscow in 2015 contributed to ramping up Ditaş's sales activities in the Commonwealth of Independent States. However, due to the Russian economic crisis and political tensions, the full growth potential of this region could not be realized at this point in time. While Ditaş Trading Shanghai Co. Ltd. continues with its business development efforts for the Asia Pacific region, Ditaş America LLC undertakes sales and marketing activities with Ditaş's logistical support.

Having received ISO/TS 16949:2009 Automotive Suppliers Quality System Certification, ISO 14001:2004 Environmental Management System Certification and the FORD Q1 award, Ditaş is also a class "A" supplier of Turkey's biggest vehicle manufacturers.



Ditaş has taken important steps to become a well-known brand in both OEM and Aftermarket customers across the world.

At Ditaş, 2016 saw the implementation of new projects, collaboration with new customers, and the serial production of many new products. In addition to the existing automotive products range, the company works to enhance its product diversity through analysis, field study and feasibility research of different sectors, such as railways and aviation. The Product Lifecycle Management (PLM) program was put in place to manage the diversity of products on offer in order to meet the demands of the sector.

The CRM project to transfer Ditaş's customer/potential customer information – accumulated over 45 years of operation – to an online platform began at end-2014 and was completed in 2015. Ditaş is the first and only company in the industry to have undertaken such an initiative. Thanks to this forward-looking effort, the company has expanded its communication network with current and potential customers. The check-in project, which helps keep track of each location visited in the field, was yet another groundbreaking initiative by Ditaş within the sector.

In 2015, Ditaş was admitted to the state-sponsored Turquality program, which is designed to help companies that sell products in which Turkey holds a competitive advantage and where branding potential exists. The program aims to support companies in their efforts to become global market players with their products so that over the long-run the image of the "Made in Turkey" label can be positively consolidated. The company continues to apply for incentives in this field.

Under Law No. 5746, Ditaş began efforts to become an R&D Center authorized by the Ministry of Science, Industry and Technology. In 2016, a partnership agreement was reached with Adana Science and Technology University to lay the groundwork for university-industry cooperation projects. Ditaş collaborates with highly specialized academics to plan and execute projects that will take the engineering infrastructure of its production process to the next level.

Ditaş's production volume ticked up slightly from 3.93 million to 3.94 million units in 2016, remaining almost unchanged. However, the weight of light commercial and passenger vehicle parts increased in the overall product mix. In 2016, turnover fell by 12% over the prior year – from TL 78.6 million to TL 69.6 million – due to the decreased weight of heavy vehicle parts in the production mix.

TOURISM



CAPACITY OF MARINA

MOORING 425 YACHTS

HARD STANDING 50 YACHTS



ROOM CAPACITY IN HOTEL

MARINA VISTA 87

IŞIL CLUB 290



CAR RENTAL FLEET (VEHICLES)

1,200



TOURISM CONSOLIDATED
REVENUE

TL 62 MILLION

**In the tourism sector,
Doğan Holding is
operating in hotel and
marina management,
travel agency services,
fleet and daily car
rental.**



MİLTA BODRUM MARINA RANKS AMONG THE TOP FIVE MARINAS IN THE MEDITERRANEAN BASIN, THANKS TO ITS WORLD CLASS SERVICE QUALITY AND CENTRAL LOCATION.

MİLTA BODRUM MARİNA

Marinas are of great importance in Turkey, which is surrounded by sea on three sides, due to the tourism and employment opportunities these facilities provide to their environs. Turkey has an exceptional location for marina tourism, which currently constitutes 25% of the country's total tourism revenues.

Turkey is currently home to 38 officially licensed marinas along the country's more than 8 thousand kilometer long coast. The number of marinas are rapidly rising as occupancy rates reach upwards of 85-90%. While last year the majority of yachters at Turkish marinas were from the United Kingdom and Germany, the number of Turkish yachters is also increasing day by day.

With its world class service quality, convenient location in the city center and close-range to the airport, customer-oriented professional staff and customer specific service diversification, Milta Bodrum Marina ranks among the top five marinas in the Mediterranean basin.

Milta Bodrum Marina has a market share of 1.78% among the Tourism Establishment Certified marinas with a client portfolio that includes sailboat, catamaran and motor-yacht owners, charter companies and boating agencies.

Milta Bodrum Marina, one of the outstanding marinas of the Aegean and Mediterranean coast, is situated at the heart of Bodrum's city center. Thanks to its ever improving infrastructure and world-class service, the marina makes difference in the sector.

Milta Bodrum Marina provides customers and staff alike with an exclusive experience, and ranks among Europe's top 10 marinas. The Marina initiated Turkey's first and only around-the-clock sea and land marine rescue service. Every year, social responsibility efforts are also expanded.

Ranking in the top 50 marinas among 25 countries in terms of service quality, Milta Bodrum Marina every year receives awards from various institutions that recognize excellence in this arena. The Marina also received the "Five Golden Anchors" international quality award from the European Boating Association, entitling the marina to be recommended to yacht owners around the world. Milta Bodrum Marina further bolsters its prestigious market position, both nationally and internationally, with the "National Blue Flag" award it has received each year since 1997. Milta Bodrum Marina garnered the Environmental Awareness Award in 2016, for broadening children's awareness on the environment and nature with the social responsibility projects it has developed.

MARİNA VİSTA

Marina Vista, which serves customers throughout the year, is located directly across from Milta Bodrum Marina; it is a much preferred hotel in the area. Marina Vista Hotel gets high marks from guests with its peaceful environment and boutique service approach. It is the perfect locale for an extraordinary, unforgettable holiday experience with its elegantly designed rooms, fine restaurant,



TOURISM

İŞİL CLUB BODRUM RECEIVED AWARDS IN THE AREA OF GUEST SATISFACTION FROM PRESTIGIOUS SURVEY SITES OF THE TOURISM SECTOR IN 2016.

İşil Club Bodrum
garnered the
Certificate of
Excellence from
tripadvisor.com.

swimming pool, botanical garden and friendly staff. Marina Vista Hotel aims to further boost its service quality with the professionally trained team it employs.

In 2016, the Turkish tourism sector was affected negatively by the terrorist attacks in Turkey and Europe, the diplomatic crisis with Russia, ongoing civil war in Syria, political and economic developments in the UK and other European Union member states. Despite these unfavorable conditions in 2016, Marina Vista was awarded certificates of excellence in guest satisfaction by prestigious international survey sites of the tourism industry, such as tripadvisor.com, holidaycheck.com and booking.com.

İŞİL CLUB BODRUM

Since starting operations in 1985, İşil Club Bodrum has been one of the leading accommodation providers in the Bodrum region with its customer-oriented approach, wide range of services, comfort and high quality.

İşil Club Bodrum was adversely affected by the terrorist attacks that took place in Turkey and various countries of Europe, as well as the political crisis with Russia in 2016, much like other tourism facilities across the country. For the first time in 2016, it was not possible to compensate for this loss in the tourism sector, with significant declines in the price/quality balance in accommodation facilities due to cost side concerns.

İşil Club Bodrum, which has won the loyalty of both local and international guests with its top-notch service and high guest satisfaction for many years, was once again deemed worthy of awards in the area of guest satisfaction by well-respected survey sites of the tourism sector in 2016.

İşil Club Bodrum garnered a Certificate of Excellence from tripadvisor.com, and was designated one of the most recommended facilities by holidaycheck.com.

İşil Club Bodrum received a Gold HACCP quality certificate in recognition of its success in the annual audits, and was granted the "National Blue Flag" award in 2016, as in every year. İşil Club Bodrum also obtained the Ministry of Health, Muğla Public Health Directorate's "Clean Pool Certificate."

İŞİL TUR (İŞİL TOUR)

Established by Doğan Holding in 1997 to perform travel services, İşil Tour mainly carries out fleet and daily car rentals, corporate hotel reservations, air ticket sales and corporate events. Having the ability to offer various services needed by corporate firms under one roof with the assurance of Doğan Group provides İşil Tour a significant competitive advantage.

As of 2016, 573 IATA and over 9,300 agencies, members of TÜRSAB are actively selling tickets in Turkey. İşil Tour figures among the top 100 IATA members in Turkey.

İşil Club Bodrum was
granted the "National
Blue Flag" award in
2016, as in every year.



Işıl Tur is the Turkish representative of the US-based global travel services company ATG.

The company also is an authorized dealer for Turkish Airlines (THY), Pegasus, Onur Air, Atlas Global, Borajet and SunExpress. The agency, while providing a wide range of services from corporate travel events to domestic and international ticket sales, sells air tickets online via milta.com and promobilet.com.

In addition, Işıl Tour offers fleet and daily car rental services under the Işıl Rent a Car brand with a fleet of 1,200 vehicles, all purchased by equity. Işıl Tour provides this service through its branch at İzmir Adnan Menderes Airport and offices in Ankara, Antalya and İstanbul. Işıl Tour offers a wide range of operational fleet rental and daily car rental services to individual customers and enterprises of every size, from large corporations to small businesses, with all the passenger automotive brands and models sold in Turkey. Işıl Tur replaced 479 vehicles in its fleet with Suzuki-branded cars in 2016. It also serves as the sales representative of Economy Rent a Car at İzmir Adnan Menderes Airport and in Antalya.

In addition, Işıl Tur is classified as a Group A travel agency and is a member of the Association of Turkish Travel Agencies (TÜRSAB). The company serves as the Turkey representative of ATG, an American-based global travel services provider.

KANDİLLİ GAYRİMENKUL YATIRIMLARI YÖNETİM İNŞAAT VE TİCARET A.Ş.

Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. was founded on November 02, 2012 as a joint venture company with Milta Turizm İşletmeleri A.Ş. and Rönesans Gayrimenkul Yatırım A.Ş., with each holding a 50% stake. Kandilli Gayrimenkul purchased a 23,685 m² tract in Ümraniye, İstanbul to develop real estate projects.

M-INVESTMENT 1 LLC

On April 14, 2014, Milta Turizm İşletmeleri A.Ş. established M-Investment 1 LLC in the United States to invest in real estate projects. As of December 31, 2016, M-Investment 1 LLC's capital totaled USD 13,930,000.

MOTOR VEHICLE AND REAL ESTATE MARKETING



TOTAL AUTOMOBILE SALES
4,000 UNITS



GROWTH IN MOTORCYCLE
SALES (YoY)
39%



GROWTH IN MARINE
MOTORS MARKET (YoY)
22%

**Suzuki Motorlu
Araçlar Pazarlama A.Ş.
("Suzuki") was rapidly
restructured after its
founding.**



SUZUKI'S MAIN MARKETING STRATEGY IS TO MAKE SUZUKI A PART OF THE CUSTOMER'S LIFESTYLE.

SUZUKI MOTORLU ARAÇLAR PAZARLAMA A.Ş.

Suzuki Motorlu Araçlar Pazarlama A.Ş., which started operating under Doğan Holding as of the second half of 2015, rapidly restructured. The priority of the company is to continue the satisfaction of the existing and prospective customers of Suzuki brand automobiles, motorcycles, and marine motors, and to ensure their loyalty to the Suzuki brand. To this end, Suzuki's objective is to ensure continuity in sales and after sales services.

In 2016, the Turkish automobile market expanded 4.3% over the previous year with about 757 thousand automobiles sold. In 2017, the depreciation of the Turkish lira and the Special Consumption Tax rate hikes are expected to increase auto prices and result in a contraction in the automobile market.

During the year, Suzuki sold nearly 4,000 vehicles through its sales and after-sales operations that commenced in March 2016. As a result, it was presented with the "Fastest Growing Brand in the Automobile Sector" award by the Association of Automotive Distributors. For the Suzuki brand, 2016 was a milestone in terms of ensuring sustainable growth.

Suzuki's main marketing strategy is to make Suzuki a part of the customer's lifestyle. Staying lean, honest and always young is the essence of Suzuki's slogan "Way of Life." Suzuki's goal is to continue growing in 2017 and sell a total of 10,000 cars in two years, with effective sales and after-sales operation management and a customer satisfaction-oriented business approach.

Despite a 20% contraction in the motorcycle market in 2016, Suzuki completed the year with a remarkable 39% rise in sales over the previous year. In 2017, new motorcycle models will be rolled out and further progress will be made towards achieving sustainable success.

In the marine engines market, Suzuki grew 22% over the prior year, closing fiscal year 2016 with success. In 2017, Suzuki marine engines will be placed on the market together with specially designed Suzumar-branded boats. Although a contraction is forecast for the marine engines market in 2017, Suzuki aims to maintain its market share with new marketing efforts.



MOTOR VEHICLE AND REAL ESTATE MARKETING

DOĞAN HOLDİNG HAS BECOME THE TURKISH DISTRIBUTOR OF PIAGGIO, WHICH SETS THE TRENDS IN THE MOTORCYCLE WORLD WITH ITS VESPA, PIAGGIO, MOTOGUZZI AND APRILIA MODELS.

Doğan Holding established Glokal to execute sales and after sales operations of DAF-branded heavy commercial vehicles.

PIAGGIO – TREND MOTOSIKLET PAZARLAMA A.Ş.

Doğan Holding, which plans to grow further in the motor vehicles sector in Turkey, has become the Turkish distributor of Piaggio, which sets the trends in the motorcycle world with its Vespa, Piaggio, Motoguzzi and Aprilia models. A Doğan Holding subsidiary, Trend Motorsiklet Pazarlama A.Ş. ("Trend Motorcycle") aims to add pleasure and prestige to the lives of customers with the legendary Vespa and other models.

DAF – GLOKAL MOTORLU ARAÇLAR PAZARLAMA A.Ş.

In line with its sectoral growth plans, Doğan Holding executed an agreement with PACCAR Group – the largest heavy vehicle company in the United States and one of the top three in Europe. Under the agreement, Glokal Motorlu Araçlar Pazarlama A.Ş. ("Glokal") was established for the sales and after sales operations of DAF-branded heavy commercial vehicles.

Operating as a Doğan Holding subsidiary, Glokal has started to deliver services, primarily in Istanbul. Glokal launched its sales and service operations in a 1,800 m² space on the Anatolian side of Istanbul, in Tuzla-Orhanlı. The company also provides sales services at its office in Koşuyolu.

Glokal plans to establish a sales, service and spare parts center at Basın Ekspres, on the European side, for DAF-branded tow trucks and lorries.

MİLPA TİCARİ VE SİNAİ ÜRÜNLER PAZARLAMA SANAYİ VE TİCARET A.Ş.

Milpa was established in 1980 to carry out direct marketing of motor vehicles, consumer durables and consumer products. Throughout the years, the company has diversified its business activities into many sectors ranging from electronics to automobiles, computers to real estate. With over 36 years of experience in various sectors, a management approach that is open to change, and a well-skilled workforce, Milpa has demonstrated stable and balanced growth in marketing, an area that is fiercely competitive.

Milpa, focused on the real estate sector, revised its targets and strategies during the 2000s. Milpa ramped up its real estate investments and increased its business activities. Construction of the first phase of the Milpark Houses development was completed, and the units were delivered to the homeowners. As for the Automall project, 423 stores and 221 houses were sold and handed over to the owners. As of December 31, 2016, 18 stores remain in the company's inventory.



FINANCIAL SERVICES AND OTHER

**DD Mortgage is
a member of the
Association of Real
Estate Investment
Trusts (GYODER) and
the Association of
Financial Institutions
(FKB) in Turkey.**



DD FİNANSMAN A.Ş. (DD MORTGAGE)

Doğan Holding founded DD Mortgage in 2006 as the first mortgage company in Turkey established under the framework of the new Mortgage Law.

With the entry into force of Mortgage Law No. 5582 in 2007, DD Mortgage filed a license application with the Banking Regulation and Supervision Agency (BRSA). In 2007, Deutsche Bank AG acquired 49% of the company's shares. DD Mortgage has operated in the area of mortgage finance since 2008, when it was granted an operating permit from BRSA. DD Mortgage has also been licensed by BRSA to operate as an insurance agency. The company started to sell insurance policies in 2009, thereby meeting customers' loan-related insurance needs.

DD Mortgage is a member of the Association of Real Estate Investment Trusts (GYODER) and the Association of Financial Institutions (FKB) in Turkey.

DOĞAN FAKTORİNG (DOĞAN FAKTORİNG)

Established in 1999 and restructured in 2001, Doğan Faktoring undertakes the collection of advertising and other receivables of Doğan Media Group.

Doğan Faktoring provides a comprehensive range of services in this area. These services include taking over and collection of billed receivables arising from the sale of goods or services and of receivables arising from the sale of goods and services in accordance with BRSA's regulatory framework; the keeping of debtor and customer accounts; performing financing and factoring guarantee functions.

To perform all types of factoring transactions, including debt collection, financing, intelligence, accounting and other related services, Doğan Faktoring specializes in debt collection, the primary service it provides to Doğan Group and the media sector.

In addition to debt collection, Doğan Faktoring also provides other services such as accounting, reconciliation, legal services and financing. The company allocates to non-group companies nearly all of the funds it generates through its own equity, and the loans it takes out.

As a member of the Credit Registration Bureau ("CRB") of Turkey, Doğan Faktoring can make inquiries regarding bounced checks, risk reports and check reports, and provide information on loan customers' consolidated credit and risk limits. With its skilled workforce, the company also carries out comprehensive risk analyses for trade receivables, thereby minimizing the collection problems customers could encounter.

Doğan Faktoring was established pursuant to Article 43 of Law No. 6361 on Financial Leasing, Factoring and Financial Companies. The company uses the Central Invoice Registration System (MFKS), which allows central registration of information and/or documentation of receivables transferred to factoring companies and banks. This system also makes aggregation, as well as the control and reporting of duplications easier.

Doğan Faktoring, having increased its profitability since its foundation, is a mandatory member of the Financial Leasing, Factoring and Financial Companies Union established under Law No. 6361.

FINANCIAL SERVICES AND OTHER

TOWARD ACHIEVING STEADY AND SUSTAINABLE GROWTH, ÖNCÜ AIMS TO INVEST IN TURKEY-BASED START UP ENTERPRISES.



ÖNCÜ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. (Öncü Venture Capital Investment Trust or Öncü VCIT) was established on December 18, 2014 by Doğan Holding.

Öncü VCIT's investment policy is geared toward achieving steady, sustainable and healthy growth. The company aims to

invest in Turkey-based startup enterprises that have the capability to generate cash and high profits as well as the potential to achieve above-average capital efficiency but require capital and management know-how to realize their full potential.

Öncü VCIT conducts its operations within the framework of the Capital Markets Law, the regulations of the Capital Markets

Board and other applicable legislation as well as in accordance with the principles approved by the General Assembly ("Investment Policy"). In the Turkish Commercial Registry Gazette dated December 27, 2016 and numbered 9228, it was stated that the company's issued capital will be raised from TL 36,000,000 to TL 51,000,000.

Doğan Organik Ürünler produces about 25% of Turkey's total organic raw milk production in its facilities and through contracted producers.



DOĞAN ORGANİK ÜRÜNLER (DOĞAN ORGANIC PRODUCTS)

Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. (Doğan Organic Products) was founded in 2002 with the aim of becoming the industry leader in Turkey in the areas of organic milk production and livestock husbandry. Thanks to its stable growth and targeted business strategies, the company became the biggest supplier of organic drinking milk in the Turkish market. With a yearly production capacity of 5,000 tons, Doğan Organik also ranks among Europe's largest organic husbandry businesses.

Doğan Organik Ürünler, aiming to pioneer the transition to organic production of farmers in the Kelkit region, initiated a contracted farming project in 2006 to this end. Under this initiative, the region's population was informed on various pertinent issues such as organic feed crops, milking, shelter systems and fertilizer management; and the animal shelters were modernized. Besides sharing its deep-rooted experience and know-how throughout the project implementation period, the company supported farmers in the areas of organic raw milk production, processing and marketing of dairy products. Doğan Organik was responsible for organizing all stages of these activities. Doğan Organik Ürünler produces about 25% of Turkey's total organic raw milk production in its facilities and through contracted producers.

Doğan Organik expands its production network every year and has assumed the role of producer of organic milk and dairy products for Migros' M Life brand. Migros is Turkey's leading national supermarket chain that the country's AB income group uses most. In 2015, Doğan Organik began to produce organic dairy products with its own Yoncadan brand, and made investments designed to popularize the brand even further. Doğan Organik plans to continue expanding under its own brand in 2017; and it aims to become the market leader in organic dairy products. Doğan Organik is the sole producer in the domestic organic dairy products market, with private label branded dairy products sold in Turkey's largest supermarket chains.

Doğan Organik Ürünler continues to provide farmers with training in organic agriculture and husbandry, thereby supporting regional development. Doğan Organik Ürünler, which is a founding member of the Organic Producers' Association, shares its experience and know-how with other companies at symposiums and conferences organized by the association.

Doğan Organik tries to transform Kelkit and the surrounding region – an area highly suitable for organic milk production and organic livestock husbandry – into a center well-known for its high-quality production and to ensure that the region's population is kept up-to-date regarding new developments in this field.

Doğan Organik is the sole producer in the domestic organic dairy products market, with private label branded dairy products sold in Turkey's largest supermarket chains.

SUSTAINABILITY

SUSTAINABLE GROWTH AND THE ENVIRONMENT

DOĞAN HOLDİNG'S ENVIRONMENTAL POLICY IS FOLLOWED BY ALL GROUP COMPANIES.

Due to its respect for humankind, Doğan holding is committed to protecting the natural environment and creating a healthier future for both people and wildlife.

DOĞAN GROUP'S ENVIRONMENTAL POLICY

Providing products and services in a wide range of sectors, Doğan Group companies devise policies and strategies to protect and improve the environment, prevent pollution, preserve and foster biodiversity, wildlife, ecology, flora and fauna, water ways and natural resources.

Doğan Holding deems the protection of the natural environment as one of its key responsibilities for the sake of humanity and wild life.

Doğan Holding's environmental management policy focuses on the following five areas:

- › Energy
- › Waste Management, Disposal and Recycling
- › Water Usage
- › Transport
- › Air Emissions

Doğan Group is committed to:

- › Complying with international legal regulations approved by national public agencies, environmental laws, regulations and other obligations;
- › Pursuing international best practices, including those not demanded by public authorities, so as to internalize those that could contribute to our business;

- › Raising the environmental awareness of the citizens of Turkey and the citizens of other countries where our publications and broadcasts are available;
- › Opting for and utilizing eco-friendly technologies;
- › Devising eco-friendly products and services;
- › Reusing or recycling raw materials and equipment in order to save natural resources;
- › Increasing energy efficiency and prioritizing renewable energies in all our operations to ensure responsible energy consumption;
- › Taking action to measure and improve the environmental footprint of our Group activities;
- › Improving the efficiency of the Doğan Environmental Management System on an ongoing basis, and disclosing it to the public;
- › Ensuring that the environmental management systems of Group companies are in line with the accepted standards, certified and periodically audited by authorized firms;
- › Reviewing the environmental policy of the Company regularly and monitoring the compliance of the Holding and Group companies with this policy;
- › Communicating and devising joint projects with environmentalist NGOs;



- › Training all employees about the natural environment and encouraging them to participate in ecological activities;
- › Communicating with all stakeholders regarding the protection of the natural environment, administering training seminars, and expending efforts to diminish our environmental footprint and to protect biodiversity in all our areas of operation.

Doğan Group's Environmental Policy is followed by the Holding and all Group companies. Group companies participate in the determination of environmental objectives. The Early Risk Detection Committee is charged with implementing the Environmental Policy. The Committee sets environmental objectives, establishes the environmental management system, determines performance criteria, and creates action plans. The efficiency of the environmental management system is audited by the audit departments of the Holding and Group companies, and the results are submitted for the assessment of the Audit Committee and the Board of Directors.

ENVIRONMENTAL PROJECTS

Doğan Holding

Doğan Holding closely monitors and implements practices and current technological developments that ensure environmental sustainability in its administrative buildings. The Holding's head office, in use since 2011, is equipped with new generation cooling devices in line with EU norms; these devices use the eco-friendly gases R 410 and R 132. State-of-the-art, eco-friendly fire-extinguishing systems are also installed at the headquarters building. In addition, fire extinguisher storage space has been reduced since these are increasingly replaced with eco- and people-friendly systems deploying FM 200 and Novac 1230 gases in accordance with EU standards. The insulation technology used in the building has led to a decline in natural gas consumption for heating purposes and a drop in electricity consumption for cooling, resulting in a reduction in overall CO₂ emissions.

MEDIA

Hürriyet

Due to its respect for humankind, Hürriyet Group is committed to protecting the natural environment and creating a healthier future for both people and wildlife. In line with sustainability policies, the Group expends efforts to abide by all laws, rules and regulations related to environmental protection, and to ensure the appropriate use of natural resources. Detailed information about Hürriyet's environmental activities in fiscal year 2016 is announced to the public via Hürriyet Annual Report.

Environmental Permits and Licenses:

The Antalya and Trabzon Doğan Printing Center ("DPC") facilities have fulfilled all the conditions listed in the "Environmental Permit and License Regulation" issued in the Official Gazette dated September 10, 2014 and numbered 29115. Antalya and Trabzon DPC received the 5-year Environmental Permit from the Provincial Directorate of Environment and Urbanization on July 6, 2011. This is the first ever Environmental Permit received by a printing center active in the publishing sector in Turkey. The consulting firm has extended Antalya DPC's environmental permit. Trabzon DPC was exempted from the Environmental Permit since it connected its wastewater discharge line to the channel of the Organized Industrial Zone where it is

SUSTAINABLE GROWTH AND THE ENVIRONMENT

IN LINE WITH ITS ECO-FRIENDLY APPROACH, DOĞAN BURDA REDUCED ITS TOTAL ELECTRICITY CONSUMPTION IN 2016 BY 5.4% TO 210,837 KWH AND SENT 1,470 TONS OF PAPER TO RECYCLING.

Hürriyet monitors water consumption with daily water consumption reports retained in office floors.

located. Istanbul DPC received the environmental permit for "Air Emissions" on July 31, 2015 by fulfilling the conditions for the permit.

Water Consumption Management: As part of its environmental sustainability activities and with a view to using water in an efficient manner, Hürriyet keeps a constant watch on water consumption via instruction, warning signs and daily water consumption reports in the production and office areas.

Prevention of Environmental Pollution: Hürriyet continuously evaluates its measures to reduce waste at the source, and makes further efforts to improve these measures. To this end, Hürriyet proactively ensures more effective production planning, minimal use of inventory, and improved working methods.

Hürriyet sends waste paper, hazardous waste and materials used in production to licensed waste disposal or recycling firms. Efficient production planning, minimal inventory usage and improvement of work methods are among the measures used to reduce waste creation at the production site.

Istanbul DPC and Antalya DPC are inspected every month, while other facilities undergo inspections at regular intervals by authorized environmental consultancy firms. The facilities in all

regions periodically formulate "Industrial Waste Management Plans" for the hazardous and non-hazardous waste yielded by their operations. These plans are submitted to the Provincial Directorate of Environment and Urbanization for approval.

Authorized "Temporary Hazardous Waste Storage Areas" were established in the regions. The wastes collected in these depositories are sent to authorized disposal or recycling companies licensed by the Ministry of Environment and Urbanization for evaluation and their records are retained. In addition, continuous improvement efforts are expended in the existing waste depositories under the guidance of environmental consultants.

Doğan Gazetecilik

In line with the regulation on the health and safety measures for office buildings and annexes, thermal comfort measures were taken especially in locations where the employees may be affected. Periodic maintenance and controls for the electricity, ventilation and fire-fighting systems were conducted as prescribed by the "Regulation on Health and Safety Principles in the Use of Work Equipment" issued in the Official Gazette dated 25/04/2013 and numbered 28628. Motion sensor faucets and economic light bulbs are utilized to cut water and electricity consumption.

Doğan Burda

In line with its eco-friendly approach, Doğan Burda reduced its total electricity consumption in 2016 by 5.4% to 210,837 kWh and sent 1,470 tons of paper to recycling.

Hürriyet sends hazardous waste to authorized disposal or recycling companies.



ENERGY

Doğan Energy conducts operations at the power plants in its portfolio in compliance with all applicable legislation. The company is also committed to eco-friendly principles in its business activities. For all its power plants, Doğan Energy has obtained the official authorization certificates and documents stipulated by the Law on Forests No. 6381, Regulation on the Licenses and Permits Required by the Law on Forests; Environmental Law No. 2872, Regulation on Permits and Licenses Required by the Environmental Law; Regulation No. 29274 on Procedures and Principles Governing the Signing of Water Consumption Rights Agreements for Generating Power in the Electricity Market; and Regulation No. 29865 on Electricity Market Licenses.

Şah WEPP: As part of efforts to reduce carbon emissions at Şah Wind Energy Power Plant (WEPP), the Gold Standard application process was completed; as a result, this reduced 1,012,853 tons of carbon dioxide (CO₂) emissions in 2011-2016. Şah WEPP also undertook other various environmental initiatives, such as planting 750 trees and providing vehicles, personnel and required materials to the Bursa Directorate of National Parks and Wildlife Protection. In addition, feedboxes were installed to provide food for birds during winter months, and food

was placed in suitable locations for deer. Utmost attention is paid to protection of the natural environment since the power plants are located in a forest and wildlife area. Management is in constant interaction with the authorized bodies in running the operations and ensures the protection of nature in all the company's business activities.

Quality certification in environmental activities was completed in 2015 and 2016, when Şah WEPP received ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates. In addition, the power plant undergoes regular audits. Other quality certification efforts in pursuit of sustainability have allowed the plant to obtain ISO 9001 Quality Management System, ISO 10002 Customer Complaint Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

Mersin WEPP: As part of efforts to reduce carbon emissions at Mersin Wind Energy Power Plant (WEPP), the Gold Standard application process was completed; as a result, 466,838 tons of CO₂ emissions were reduced in 2011-2016. Committed to improving the environmental conditions of the surrounding region, Mersin WEPP

planted saplings in various locations within the operating area. Since the power plant is situated in proximity to birds' migration routes, bird observation activities are organized every six months; the findings are reported to the relevant institutions. To avoid creating any disturbance for the nearby villages, noise levels are measured and reported as well. As part of capacity expansion efforts, Public Information Meetings were held in area villages to learn about the complaints and suggestions of local residents. Accordingly, the company management allayed the village population's concerns about their environment.

Quality certification in environmental activities was completed in 2015 and 2016, when Şah WEPP received ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates. In addition, the power plant undergoes regular audits. Other quality certification efforts in pursuit of sustainability have allowed the plant to obtain ISO 9001 Quality Management System, ISO 10002 Customer Complaint Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

SUSTAINABLE GROWTH AND THE ENVIRONMENT

ÇELİK HALAT IS WORKING TO ENSURE THAT ITS OPERATIONS HAVE THE MINIMUM POSSIBLE NEGATIVE IMPACT ON THE ENVIRONMENT.

Aslancık HEPP received the ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates.

D-Tes: D-Tes does not generate electricity, and engages only in electricity sales and trade. The company places a special emphasis on issues related to the environment and sustainability. Having completed its quality certification efforts in 2016, D-Tes holds ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 10002 Customer Complaints Management System, OHSAS 18001 Occupational Health and Safety Management System, and ISO 27001 Information Security Management System certificates.

Aslancık Elektrik: Carbon emission studies at Aslancık HEPP are now complete, but the verification process is still underway. After verification is complete, a total CO₂ emission reduction of 357,727 tons is estimated to have been achieved at Aslancık HEPP from 2013 to 2016.

Environmental quality certification activities were completed in 2015 and 2016, when Aslancık HEPP received the ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates. Other quality certification efforts in pursuit of sustainability have allowed the plant to obtain ISO 9001 Quality Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

Boyabat Elektrik: Under the VCS carbon verification efforts completed at Boyabat HEPP, net CO₂ emission reduction totaled 1,422,572 tons between 2012 and 2016.

Having completed its quality certification activities between 2014 and 2016, Boyabat Electricity received ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates for Boyabat HEPP. Thanks to further quality certification efforts for sustainability purposes, the plant obtained the ISO 9001 Quality Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

INDUSTRY

Çelik Halat

Çelik Halat meticulously complies with the Environmental Law and is working to ensure that its operations have the minimum possible negative impact on the environment.

The environmental permit that is required pursuant to Environmental Law No. 2872 was obtained at the beginning of 2015.

Çelik Halat obtains the water it uses extensively in its business processes through two main sources: well water and recycled water. The company has installed the advanced purification system in order to use natural resources more efficiently and cut costs. Waste water produced in this process is discharged in a controlled manner into the ISU channel while water quality is also periodically audited by ISU. Water samples in all periodic checks came out positive, with all indicators matching the overall standard.



Çelik Halat aims to use natural resources more efficiently and reduce costs with its advanced treatment system.

To that end, authorized independent firms carry out Emission Measurements to ensure that the air emissions generated by production processes are kept within prescribed limits. Çelik Halat strictly complies with all applicable legislation on waste management, fulfilling all necessary requirements. In order to decrease the volume of waste resulting from its activities and ensure that well-functioning waste management systems are in place, Çelik Halat systematically undertakes the following efforts:

- › Sewage sludge classified as nonhazardous is sent to licensed firms in safe waste containers and under suitable conditions.
- › All packaging waste related activities are conducted in cooperation with the Environmental Protection and Packaging Waste Recovery and Recycling Foundation (ÇEVKO).
- › Hazardous waste is stored in specially designed temporary containers in areas granted a temporary waste storage permit, and then shipped to licensed disposal firms.
- › Collection units for waste batteries are placed at company offices and specific locations in production areas. Batteries

are collected in these units for sending to organizations that are authorized by the Portable Battery Producers' and Importers' Association (TAP).

- › Waste oil (after its beyond-use date has passed) is classified as hazardous waste in the 1st Category Waste Oil. Waste oil is either reused in the system or/and is sent to licensed recycling facilities.
- › Assembly units for materials contaminated during the production process have been put in place. Materials collected from these areas are shipped to licensed organizations.
- › The collection of all waste in the facility, their classification in line with applicable legislation and their elimination are all undertaken in the most meticulous way possible.

Çelik Halat expends efforts to use energy and natural resources in the most efficient manner possible. To this end, use of electricity, natural gas and water are closely monitored while superfluous use is prevented. Further, Çelik Halat makes continuous efforts on technical improvements to ensure the efficiency of its business processes.

SUSTAINABLE GROWTH AND THE ENVIRONMENT

MİLTA BODRUM MARİNA HAS RECEIVED THE “BLUE FLAG” DESIGNATION EVERY YEAR SINCE 1997.

Ditaş carries out production processes with an eco-friendly approach and meticulously fulfills all of its environmental responsibilities.

Making sure that the company's approach to the environment is embraced by the management team and employees, Çelik Halat provides on-the-job training on environment management systems to newly hired operators and white-collar employees. Additionally, each employee is required to participate in “Environmental Awareness-Raising” training programs at least once a year.

On issues related to environmental laws, rules and regulations, Çelik Halat is supported by the authorized expert personnel of an environmental consultancy firm the company retains. This consulting firm is also responsible for regular internal audits at Çelik Halat.

In 2016, Çelik Halat increased the volume of water recycled by 53.2% over the prior year to 99,764 m³. The company also boosted the percentage of recycled water in its total water consumption from 45.5% to 47.5%. Revisions in the production process have increased water consumption, which was partially offset by more efficient use of recycled water. Çelik Halat cut its total electricity consumption by 1.4% to 27,778 MWh in 2016. Thanks to its cogeneration unit, Çelik Halat regained 9,186 MWh of electricity in 2016. The company recycled 15.1 tons of paper during the year.

Ditaş

Ditaş carries out production processes with an eco-friendly approach and meticulously fulfills all of its environmental responsibilities. Ditaş also aims to conduct efficient business operations that protect natural resources. To this end, the company launched the TTGV initiative in 2010; this effort has reclaimed a total of 77,303 m³ of water, resulting in savings of TL 295,607 for seven years. In 2016, some 16,300 kilograms of paper, cardboard and plastic was sent to recycling, thereby 277 trees were saved. In 2016, Ditaş reduced water consumption by 23.8% to 50,292 m³ according to previous year. Total electric consumption reduced by 4.6% to 10,511 MWh in the same period.

TOURISM

Milta Bodrum Marina

Milta Bodrum Marina is an international marina that has received the “Blue Flag” designation every year since 1997 thanks to its high quality standards, modern infrastructure and in-demand services. Recipient of the “Five Gold Anchors” award presented by the European Union, Milta Bodrum Marina also won the “Turkey's Best Environmental Awareness and Training Activities Award” from TURÇEV (Foundation for Environmental Education). While Milta Marina reclaimed 16,684 m³ of used water (amounting to 63% of its total water consumption) in 2016, the company also cut water consumption down to 26,462 m³. In 2016, Milta Bodrum Marina reduced its total electricity consumption by 12% over the prior year, and sent 97 kg of waste paper to recycling facilities.

**Milta Işıl Club**

In 2016, Milta Işıl Club once again received the prestigious "Blue Flag" designation, an international indicator of environmental awareness with great significance in the tourism industry. The holiday resort also expanded the scope of its environment friendly practices with the use of solar energy, solar water heating systems and environmentally friendly cleaning materials. In 2016, Milta Işıl Club reclaimed 30% of its water consumption, amounting to a total of 10,880 m³ and reduced water consumption by 27.8% during the year, down to 39,138 m³. Milta Işıl Club lowered its total electricity consumption by 9% during the same period.

Marina Vista

In 2016, Marina Vista added more collectors to its solar power system and started to employ a heating pump, thereby eliminating the consumption of diesel fuel. Marina Vista collects waste batteries in special containers and delivers these to the Association of Portable Battery Manufacturers (TAP) and environmental units of the municipality for proper disposal. The establishment uses LED and eco-friendly light bulbs in the hotel rooms and common areas.

In 2016, Marina Vista sent 1,642 kilograms of paper to recycling (4.5 kg per day), thus helping conserve 160 mature trees. In 2016, total water consumption at the facility fell 58% over the prior year to 702 tons.

OTHER BUSINESS LINES**Doğan Organik Ürünler (Doğan Organic Products)**

Doğan Organik Ürünler conducts all its activities by adopting a socially responsible approach that respects the environment. Through the training courses it provides, the company raises the environmental awareness of its workforce. Each year, Doğan Organik reports the efforts it undertakes in the area of environmental responsibility to the Ministry of Environment and City Planning, pursuant to legal and regulatory requirements.

Doğan Dış Ticaret (Doğan Foreign Trade)

Doğan Dış Ticaret has obtained ISO 9001 Quality Management System and ISO 27001 Information Security Management System certifications to render its operations more sophisticated and secure in 2016.

CORPORATE SOCIAL RESPONSIBILITY

AYDIN DOĞAN FOUNDATION CONTRIBUTES TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY.



Aydın Doğan International Cartoon Competition

**"My primary goal in establishing Aydın Doğan Foundation was to support education in Turkey, because I believe that education is the only way to achieve development, democracy and peace at universal standards."
Aydın Doğan**

Doğan Holding is an active participant in and contributor to Turkey's economic and social development. The Company has adopted a corporate social responsibility approach that focuses on creating lasting added value. The Holding, in cooperation with shareholders and the Aydın Doğan Foundation, undertakes long-term social responsibility projects in the areas of education, arts & culture, healthcare and the environment, thereby making a multi-faceted contribution to Turkey's development. The Holding encourages all its staff members to voluntarily participate in social responsibility efforts. Doğan Holding is regarded as a model corporation in the private sector with its high quality social responsibility projects that set benchmarks for other enterprises.

AYDIN DOĞAN FOUNDATION

Aydın Doğan Foundation was established on April 15, 1996 to contribute to the economic and social development of the country. The Foundation provides support to education with teaching facilities and dormitories built for young generations; it also encourages success in fields such as healthcare, culture, arts and sports through a number of national and international competitions.

A reflection of Doğan Group's keen social awareness since its establishment, the Foundation enjoys a well-respected position in Turkey and abroad thanks to its robust administrative and financial structure.

EDUCATION

Since its establishment, Aydın Doğan Foundation has launched many projects that have helped to enhance the quality of and improve the conditions in the Turkish educational system. The educational and other facilities constructed by the Foundation and donated to the Ministry of National Education are listed below:

- › Işıl Sema Doğan Elementary School, Gümüşhane
- › Atatürk University Aydın Doğan Private Elementary School, Erzurum
- › Yaşar and İrfani Doğan Industrial Vocational High School, Gümüşhane
- › Aydın Doğan Fine Arts High School, İstanbul
- › Erzincan Social Sciences High School, Erzincan
- › Hürriyet Industrial and Technical Anatolian High School, Erzincan



- › Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School for Communications
- › Bağcılar Aydın Doğan Vocational and Technical Anatolian High School for Health
- › Gümüşhane University Kelkit Aydın Doğan Vocational School, Gümüşhane
- › Galatasaray University Aydın Doğan Auditorium, İstanbul
- › TEGV Sema and Aydın Doğan Educational Park, İstanbul
- › Sema Doğan Park, Gümüşhane
- › Aydın Doğan Center for Science and Arts, Afyon
- › Aydın Doğan Sports Complex, Gümüşhane
- › Nene Hatun High School Aydın Doğan Dormitory for Girls, Erzurum
- › Erzincan University Aydın Doğan Dormitory for Girls, Erzincan
- › Hacı Hüsrev Doğan Dormitory for Girls, Kelkit-Gümüşhane
- › Aydın Doğan Dormitory for Girls, Şiran-Gümüşhane
- › Aydın Doğan Dormitory for Girls, Kürtün-Gümüşhane
- › Aydın Doğan Dormitory for Girls, Köse-Gümüşhane

Kelkit Aydın Doğan Vocational High School in Kelkit

Kelkit Aydın Doğan Vocational School, which is a part of Gümüşhane University, opened its doors with 90 students on September 28, 2003. One hundred and sixty students graduated from the Vocational School during the 2015-2016 academic year. The associate programs

at Kelkit Aydın Doğan Vocational School include: Computer Technologies, Electricity and Energy, Accounting and Taxation, Transportation Services and Veterinary Medicine. To further improve the school's English language instructional quality, the Foundation once again provided students with foreign language training support in 2016. Students also have the chance to join internship programs at organic farms.

Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School (Communications)

Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School was built by Aydın Doğan Foundation 18 years ago, and donated to the Ministry of National Education. Specializing in journalism, radio and TV broadcasting, graphic design and photography, Bahçelievler Aydın Doğan Anatolian Vocational and Technical High School held its 15th graduation ceremony in 2016. The High School was once again one of the most preferred educational institutions in its field and accepting students with the highest scores. The school graduated 100 students in 2016. To boost student motivation, at the end of each academic year, the Foundation gives various awards to the graduates. Aiming to further improve the school's English language instructional quality, the Foundation once again provided students with foreign language training support during the academic year. Aydın Doğan Foundation also sponsors the school's cleaning services.

Bağcılar Aydın Doğan Vocational and Technical Anatolian High School (Health)

Inaugurated on April 24, 2013 by the Minister of National Education Prof. Nabi Avcı, Bağcılar Aydın Doğan Vocational and Technical Anatolian High School represents a significant step forward in training the health personnel of the future. Boasting modern classrooms, an advanced technology infrastructure in addition to social and educational spaces that meet every need, the High School fulfills all requirements to provide a state-of-the art educational experience.

Bağcılar Aydın Doğan Vocational and Technical Anatolian High School for Health has a capacity of 940 students, and trains emergency medical technicians, anesthesia technicians, nurses, and health service personnel. The facility includes 24 classrooms, laboratories, an enclosed gym, an information technology classroom, a library and a multi-purpose room with a 140-student capacity.

In an effort to boost student motivation, at the end of each academic year, the Foundation gives various awards to all the graduates. To ensure that the English language skills of the students at Bağcılar Aydın Doğan Vocational and Technical Anatolian High School are top notch, Aydın Doğan Foundation provides the school with foreign language support. Aydın Doğan Foundation also supports the school's cleaning services.

CORPORATE SOCIAL RESPONSIBILITY

TO ENSURE A BRIGHTER FUTURE FOR OUR COUNTRY, AYDIN DOĞAN FOUNDATION BELIEVES THAT GIRLS SHOULD BE GIVEN EQUAL EDUCATIONAL OPPORTUNITIES AS BOYS.

Aydın Doğan Fine Arts High School graduated its first students in 2015.

Ataşehir Aydın Doğan Fine Arts High School

Initially founded as Aydın Doğan Elementary School in 2005, the school was transformed into Aydın Doğan Fine Arts High School for the 2015-2016 academic year. This transformation resulted as the number of students changed after the transition to the so-called 4+4+4 national education system. Upon a protocol signed between Aydın Doğan Foundation and the Governorship of İstanbul, Ataşehir Aydın Doğan Fine Arts High School started providing education with the status of a "Project School."

The school building, originally constructed for an elementary school setting, was completely renovated. The facility was transformed into a fine arts high school by Aydın Doğan Foundation according to an architectural project donated by architect Nevzat Sayın. As such, the school was streamlined for fine arts education. Ataşehir Aydın Doğan Fine Arts High School held its official inauguration ceremony on December 5, 2016.

Aydın Doğan Fine Arts High School, which features Visual Arts and Music Departments, graduated its first students in 2015. In the Music Department, piano training is mandatory while students take electives on the violin, viola, cello, baglama, oud, qanun, guitar, double bass, clarinet and flute.

In the Visual Arts Department, students receive illustration training, and participate in workshops for two- or three-dimensional art, sculpture, and graphic design. Aydın Doğan Foundation also supports the school's cleaning services.

Actively engaged in European Union projects and sister school programs, Aydın Doğan Fine Arts High School also collaborates with Mimar Sinan University, Faculty of Fine Arts and Aydın Doğan Foundation to execute other projects at both national and international levels.

Educated Girls for a Brighter Future

The factors that keep Turkey from achieving full gender equality are varied and interconnected. The daily problems women face in their families, social lives, in education, their professional lives, and in politics are closely related to the fact that equality between men and women is simply not accepted and embraced by different segments of society. Against this backdrop, women need to receive high quality education starting from a young age, so that they can freely and individually realize their potential and aspirations as active individuals in the family, social, professional and political spheres. High quality education is also key for Turkey's women to feel empowered to struggle against gender inequality.

To ensure a brighter future for our country, Aydın Doğan Foundation believes that girls should be given equal educational opportunities as boys. With this conviction, the Foundation supports girls on their educational path and tries to lift the obstacles they may face.



1) DORMITORIES FOR GIRLS

Aydın Doğan Foundation continues to provide support to the girls' dormitories built under the "Dad, Send Me to School" initiative – an effort that generated much positive public attention. Post-construction, these facilities were donated to the Ministry of National Education. Dormitories established under this initiative include Nene Hatun High School Aydın Doğan Dormitory for Girls (Erzurum); Aydın Doğan Dormitory for Girls (Erzincan); Hacı Hüsrev Doğan Dormitory for Girls (Kelkit); Aydın Doğan Dormitory for Girls (Kürtün); Aydın Doğan Dormitory for Girls (Köse); and Aydın Doğan Dormitory for Girls (Şiran).

A. Success Takes Me to Istanbul Program

In 2016, 39 students residing in 12 dormitories built by Aydın Doğan Foundation under the "Dad, Send Me to School" campaign who ranked in the top three of their classes were taken on a 5-day trip to Istanbul with their teachers. The trip aimed to reward their academic achievements and support their social and cultural advancement. During the Success Takes Me to Istanbul Program, students had the chance to visit the city's historical and tourist sites as well as major universities.

B. Girls' Dormitories Project Support Fund

In response to numerous requests, Aydın Doğan Foundation established

a support fund for the use of the girls' dormitory managers, teachers, personnel and students. The support fund aims to enhance the living standards of girls staying at dormitories built under the "Dad, Send Me To School" campaign, and to help them become empowered individuals who contribute to social advancement. Fifteen project applications were received from the various dormitories in the period December 1-23, 2016; the sum of TL 50,000 collected in the ADV Girls' Dormitories Support Fund was divided among nine approved projects. The selected projects plan to be implemented from February 15-May 30, 2017.

C. Training for Dorm Managers and Teachers

Since its inception, Aydın Doğan Foundation has undertaken investments to raise the educational and cultural level of society and carries out activities that support efforts to this end. Organized every year in collaboration with the Ministry of National Education, the training program focused on "Education during Adolescence and Development Processes" and was held on November 20-23, 2016. The inauguration of the training program was honored with the presence of Ministry of National Education officials. Ninety-seven educational professionals – who work in manager or teacher positions in girls'

dorms in Ağrı, Artvin, Erzurum, Denizli, Gümüşhane, Kahramanmaraş, Kars, Konya, Mardin, Muğla, Muş, Nevşehir, Osmaniye, Tokat, Tekirdağ, Yalova and Van – attended the program, which was administered by trainers from Teacher Academy Foundation (ÖRAV). The program's trainers were welcomed in Istanbul for a week, and provided the opportunity to visit the city's historical and tourist sites. A certification ceremony was held at the end of the program for the participants.

D. Other Contributions

To support girls residing in "Dad, Send Me to School" dorms on their university entrance exams, the Foundation delivered free-of-charge exam preparation books to the dormitory residents. In addition, the shopping website Hepsiburada.com provided 1 thousand winter coats to students residing at the girls' dorms as New Year's gifts.

2) EDUCATION SCHOLARSHIP AND MENTORSHIP PROGRAM FOR UNIVERSITY STUDENTS

Aydın Doğan Foundation initiated a scholarship program in 2015-2016 to support the education of girls who excel academically yet who demonstrate financial need. The Foundation started to provide scholarships to girls enrolled at Boğaziçi University, Faculty of Engineering

CORPORATE SOCIAL RESPONSIBILITY

IN 2016, AYDIN DOĞAN FOUNDATION ISSUED A REPORT ON THE EDUCATION OF GIRLS IN TURKEY, THE “DAD, SEND ME TO SCHOOL” INITIATIVE, AND FUTURE PROJECTIONS BEYOND THE PRESENT-DAY.

who ranked in the top 101 to 500 in the university entrance examination and girls enrolled at Istanbul University, Faculty of Law who ranked in the top 1,000 in the university entrance examination. In addition, girls who resided at “Dad, Send Me to School” dorms during high school and whose university entrance exam scores allowed them to enter an undergraduate program in a state university were also provided scholarship opportunities. The Foundation carried out the necessary assessments to identify the girls who qualify for educational scholarships in the 2016-2017 academic year.

In addition to education scholarship support, the Foundation also launched a mentorship program to foster students’ professional and individual development. This effort aims to ensure that the scholarship students become sophisticated, open-minded and successful adults who are capable of standing on their own feet.

Under the program, which Doğan Group managers contribute to as mentors, students and administrators come together at regular intervals. The Mentorship Program started with a one-day training program where Doğan Group managers and scholarship students were matched and information was provided about the program. The initial meeting was held on April 1, 2016, with a performance evaluation meeting scheduled at the end of the school term.

3) INTERNATIONAL DAY OF THE GIRL CHILD CONFERENCE

The international conference held on October 11 – declared International Day of the Girl Child by the United Nations – focused on empowering girls, eradicating the barriers they face, and ensuring that they can fully exercise their human rights.

The second edition of the international conference was organized on October 11, 2016 by Aydın Doğan Foundation around the theme “Empowered Girls, Empowered Future: Ending Child Marriages through Inclusive, High Quality Education.” The event was held in partnership with UN Women, UNICEF and UNFPA. Organized to draw attention to the importance of gender equality and education, the International Day of the Girl Child Conference became an important platform for debate on the issue of girls’ empowerment, thanks to the participation of speakers from Turkey and around the world. The conference hosted a roster of prominent guests, including British journalist Lesly Abdela, known for her efforts on women’s rights and representation in more than 40 countries; CNN International anchor Becky Anderson, who frequently focuses on women’s issues in her TV programs; Richard Rowe, the former vice dean of the Harvard Graduate School of Education, who is a leading national and international expert on the empowerment of families and communities; Monica Singh, who has become a global symbol for the fight against violence towards women after being the victim of an acid attack; Betty Makoni, Zimbabwean gender activist and the founder of the Girl Child Network

that helps young victims of sexual abuse in her country; the UN Women Youth Champion Tennille Amor, who is known for her song “I’m a Girl” which promotes gender equality; and UNICEF in Turkey’s National Ambassador Tuba Büyüktün. The national and international media coverage of the conference reached an estimated audience of 45 million persons and helped broaden awareness on this key issue.

4) EDUCATED GIRLS FOR A BRIGHTER FUTURE BOOK: “FOR GENERATIONS WHO HAVE DREAMS AND MAKE THEM COME TRUE”

In 2016, Aydın Doğan Foundation issued a report on the education of girls in Turkey, the “Dad, Send Me to School” initiative, and future projections beyond the present-day. Published in Turkish and English, the report outlines those projects related to girls’ education in Turkey and Doğan Group’s contributions to this end. The publication was distributed to the participants of the International Day of the Girl Child Conference.

5) PANEL DISCUSSION ON WORKING GIRLS AND EDUCATION

Aydın Doğan Foundation, which focused on women’s empowerment issues during the 20th anniversary year of its establishment, and the Turkish Economic and Social Studies Foundation (TESEV), which formulates proposals based on the findings of scientific research, jointly organized a panel discussion entitled “Working Girls and Education: Problems and Solutions in the Framework of Children’s Rights” on April 28, 2016. At the panel, the findings of the Working



Aydın Doğan Young Communicators Competition

Children 2012 survey, realized by the Turkish Statistical Institute and the International Labor Organization, were shared with attendees. The information was also provided on the website turkiyedecocuklar.org (Children in Turkey), which offers comprehensive background information that can be used in projects for girls and raises public awareness on issues that require urgent solutions. The panel discussion organized by Aydın Doğan Foundation thus created a platform to assess the situation of girls aged 6-17 who work within or outside the home and their educational lives, in the framework of the Labor Law and the UN Convention on the Rights of the Child.

6) SPONSORSHIP OF MALATYA WOMEN'S FOOTBALL CLUB

Malatya Girls' Football Team attended the International Day of the Girl Child Conference on October 8, 2015 to demonstrate to participants that sports is an effective way to overcome obstacles facing girls' pursuit of education. At the conference, the team members explained how sports and football allow them to continue their education, impressing everyone participating in the conference. During the event, as the girls shared their passion for football as well as some challenges they face, Aydın Doğan Foundation made the decision to support the club. Scholarships were provided by the Foundation to the girls who study at universities and financial support was offered to the team.

Young Communicators Competition

Aydın Doğan Foundation organizes the Young Communicators Competition each year for students in university communications departments to encourage continuous development from among prospective media employees and to increase the number of qualified professionals in the industry. A total of 1,295 students from 37 universities participated in the 28th edition of the Young Communicators Competition with 772 works in the categories of publishing, broadcasting, advertising, public relations and online media in 2016. The Selection Committee presented awards to 108 students for 65 projects.

THE AYDIN DOĞAN AWARD

Every year, Aydın Doğan Foundation recognizes individuals or groups who have made significant contributions to the country, the world and humanity and who have reached great achievements in different fields, such as culture, the arts, literature and science.

The Board of Directors of Aydın Doğan Foundation, which celebrated its 20th anniversary in 2016, went beyond its traditional award categories and unanimously decided to present the Aydın Doğan Award to the T.R. Prime Ministry Disaster and Emergency Management Presidency (AFAD), to draw attention to a crucial problem in Turkey.

The motivation underlying this decision by the Board of Directors of Aydın Doğan Foundation was to recognize the invaluable efforts of AFAD. This organization played a vital role in allowing Turkey to uphold its humanitarian principles by welcoming millions of Syrians fleeing that regime's persecution and the five-year civil war, without receiving significant international aid or donations. AFAD also created an exemplary success story with its impressive organizational capabilities mobilized in a short span of time.

THE CARTOON COMPETITION

Aydın Doğan International Cartoon Competition

The Aydın Doğan International Cartoon Competition is widely considered to be one of the most prestigious competitions of its kind in the world. In 2016, 752 artists from 68 countries participated in the event with 2,521 works. The Selection Committee awarded the first prize to Italian artist Marco De Angelis, second prize to Brazil's Claudio Antonio Gomes, and third prize to Doğan Arslan of Turkey.

In all its activities, Aydın Doğan Foundation places a special emphasis on girls' development, female empowerment and gender equality. In 2016, a special award entitled "Empowered Girls, Empowered World" was granted under the cartoon competition and Turkish artist Emrah Arıkan was deemed worthy of this award with his pertinent cartoon.

CORPORATE SOCIAL RESPONSIBILITY

ABIDING BY THE MOTTO "QUALITY EDUCATION FOR ALL", AYDIN DOĞAN FOUNDATION SUPPORTS NUMEROUS PROJECTS TO PROMOTE QUALITY AND EQUALITY OF OPPORTUNITY IN EDUCATION.

Hürriyet Newspaper completed the 12th year of its "No! To Domestic Violence" campaign.

Aydın Doğan International Cartoon Competition was free of any subject matter limitations in its 34th edition, and drew the participation of professional and amateur artists from across the world. Since its inception, the organization has welcomed around 85 thousand works by 7,800 artists hailing from 137 countries.

Exhibitions

In 2016, as in every year of the Aydın Doğan International Cartoon Competition, award-winning cartoons together with shortlisted entries were presented to art lovers at exhibitions in Adana, Ankara, Aydın, Balıkesir, Eskişehir, İstanbul and Muğla. This year, cartoons were selected around the themes "Women," "Technology: Enjoying It Without Becoming Addicted" and "Educated Girls for a Brighter Future" from Aydın Doğan Foundation's archive of some 85,000 works. These were showcased in various exhibitions in İstanbul.

OTHER ACTIVITIES

Education Reform Initiative (ERI)

Abiding by the slogan "Quality education for all," Aydın Doğan Foundation supports numerous projects that are designed to improve the conditions of educational instruction and uphold equality of opportunities in Turkey. With this approach, the Foundation collaborates with other leading foundations in Turkey to support the Education Reform Initiative (ERI).

London School of Economics

Aydın Doğan Foundation is among the supporters of the Contemporary Turkish Studies Program at the London School

of Economics and sits on LSE's Advisory Board. LSE is one of the world's most prestigious educational institutions, and the program aims to help boost Turkey's modern image around the globe.

The Third Sector Foundation of Turkey

The Third Sector Foundation of Turkey (TÜSEV) was established in 1993 by 23 NGOs, including Aydın Doğan Foundation, to develop the legal, fiscal and operational infrastructure of the third (non-profit) sector. As a founder and board member of TÜSEV, Aydın Doğan Foundation is an active supporter of the organization and its activities. More than 100 members of the Board of Trustees are undertaking activities to promote civil society initiatives in Turkey.

The "Turkey Individual Donation and Philanthropy Survey," conducted by TÜSEV and sponsored by Aydın Doğan Foundation, contains the most up-to-date data in the field of individual donation and philanthropy. The survey was published in October 2016.

Gümüşhane Sema Doğan Park

Established to develop the cultural and social life in Gümüşhane, Sema Doğan Park was inaugurated on July 24, 2008 with the contributions of Aydın Doğan Foundation. Designed as a recreational area that can host a range of activities, the park features a picnic area, children's playground, basketball field and tennis court. The open area includes an amphitheater, which can host movie screenings, theater performances and shows. An enclosed space on the grounds can accommodate receptions, concerts, conferences and other cultural activities.

Sema Doğan Park was established to develop the cultural and social life in Gümüşhane.



"No! To Domestic Violence"

SOCIAL RESPONSIBILITY PROJECTS OF GROUP COMPANIES

Hürriyet's Social Responsibility Projects

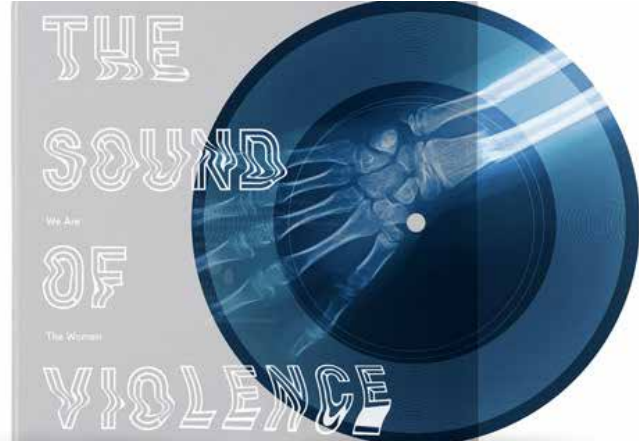
"No! To Domestic Violence" Campaign:

In Turkey, violence against women continues to be a serious social problem, with four out of ten women being victimized by violence. In 2016, Hürriyet Newspaper celebrated the 12th year of the "No! To Domestic Violence!" campaign, a long-term social responsibility project.

The campaign was initiated by Hürriyet to raise awareness on domestic violence, a major social problem in the country. Since its launch, this effort has significantly contributed to raising awareness on this important issue through the organization of various activities over the last 12 years, and has well exceeded its initial targets.

The Emergency Support Hotline was first launched as a one-year pilot project in 2007, but it has continued to operate for eight years due to the magnitude of the problem. In 2015, it was handed over to the Federation of Turkish Women's Associations, yet Hürriyet continued to support the Emergency Support Hotline in 2016.

Empowered by Hürriyet's service and communication support, the Emergency Support Hotline answered a total of 2,277 calls in 2016, providing support to 1,204 victims of violence and dealing with 12 emergency cases.



In 2016, Facebook followers of the "No! To Domestic Violence" campaign rose to total 75,124, and its reach rose to 55,695. Meanwhile, the campaign's Twitter follower base expanded almost 10% to 11,600. Men constitute 37% of the followers of the "No! To Domestic Violence" campaign's social media accounts, while women make up the remaining 63%.

"No! To Domestic Violence" Campaign – Awareness and Communication

Activities: The "No! To Domestic Violence" Campaign continued to organize awareness-raising activities over social media and other communication channels, and provide communication support to NGOs working on domestic violence in 2016.

The campaign remained an active member of the "Business World against Domestic Violence" Project and the UN's Global Compact Women's Empowerment Principles platform.

In 2016, the "No! To Domestic Violence" Campaign realized the project "A Single Voice Against Violence." In this effort, the x-ray films of the broken limbs of women who suffered from domestic violence were collected from hospitals. These were used to produce vinyl records on which the song "Women Exist" from the 2008 album "Güldünya Songs" was recorded. This limited edition of vinyl records, which have collector's value, drew ample attention and garnered numerous awards.

The special vinyl records received the following awards: Crystal Apple in the "Direct Marketing" category and Crystal Apple, Silver and Bronze prizes in the "Media" category of the 28th Crystal Apple Awards; Mediacat Felis Awards in the "Digital Standard and Multidimensional Mailing," "Media – Ambient Media Usage-Small Scale," "Media – Corporate Social Responsibility" categories and the Success Award in the "PR – Corporate Social Responsibility" category of the Felis Awards; and Shortlist in the Cannes Lions Advertising Awards.

With its "No! To Domestic Violence" campaign, Hürriyet joined forces with All Pharmacy Cooperatives Union, which has 14 thousand members across the country, for the project "Violence Is a Crime, Ask for Help." Beginning on March 8, International Women's Day, posters were placed in and brochures was sent to member pharmacies; efforts were made to inform victims of violence by pharmacists and to direct them to the relevant institutions. The aim here was to raise awareness about the reality of domestic violence, question this violence, and especially broaden awareness on violence toward women.

Global Compact: The Global Compact constitutes an innovative approach to corporate social responsibility. It focuses on fostering universal values and a shared development culture in the business community, which is normally riven with competition. This approach aims to achieve a sustainable and inclusive global economy by collaborating with the private sector and other social stakeholders, both within Turkey and internationally.

CORPORATE SOCIAL RESPONSIBILITY

DOĞAN PRINTING CENTER'S "FAMILY SCHOOL" SEMINARS WERE DESIGNED TO STRENGTHEN EMPLOYEES' COMMUNICATION WITH THEIR FAMILY MEMBERS.

Doğan Printing Center held "Family School" seminars for printing center employees and subcontractors' staff in six cities.

The Global Compact, which includes Hürriyet among its signatories, has reported in detail its activities and policies on issues such as human rights, the environment, labor, and the fight against corruption.

The "24 November, 24 Dreams" Project: Hürriyet Newspaper, in cooperation with the Teacher Academy Foundation, executed the "24 November, 24 Dreams" project in 2015, giving teachers committed to raising creative generations the opportunity to share their dreams with all of Turkey.

In addition to dreams, teachers also have needs. To help identify and meet these needs, a special website was created on ihtiyacharitasi.org to identify the needs of teachers across Turkey. Volunteers who would like to help meet these needs will be able to do so over the same website. The dreams were realized by these volunteers, as well as by Hürriyet Newspaper.

Heroes of Democracy: A book titled "Heroes of Democracy," compiling the real life stories of 241 people who were martyred on July 15th, was prepared through interviews with their relatives. The book was offered for sale under the brand Hürriyet Kitap. Part of the sales proceeds from the book was donated to the martyrs' families.

"Family School" by Doğan Printing Center

Doğan Printing Center held "Family School" seminars for printing center employees and subcontractors' staff in six cities. Organized around the slogan "One is Not Born, but Rather Becomes a Parent," the seminars were designed to strengthen employees' communication with their family members. With the intermediation of Hürriyet Group, child and family therapist psychologist Ramazan Şimşek and child and adolescent psychologist Mustafa Varol Yorulmaz volunteered to participate in seminars held in Adana, Ankara, Antalya, İzmir and Trabzon. The seminars were attended by a total of 300 individuals.

During the seminars, participants were informed by expert psychologists on issues such as parental attitude, healthy communication with children, distractibility in children; harmful habits, substance addiction, TV and internet addiction; child health and nutrition; stress management for parents during TEOG (high school)/university exams; positive effects of sports on child development; aspects of adolescence; and living with adolescents.

Social Responsibility Oriented Programs by Kanal D

While the Group's television broadcasts stand out with their original and colorful content, its social responsibility activities contribute to social development. Kanal D also develops socially and environmentally conscious projects within its television programs. The main projects in this respect include:

Kanal D's TV broadcasts stand out with their original and colorful content, while its social responsibility activities bolster social development.



The "24 November, 24 Dreams" Project

Full Support to Education: Every year, Kanal D airs programs to support TEGV (Educational Volunteers Foundation of Turkey)'s activities. The channel reaches out to impoverished children across Turkey and helps them to receive and continue their education. Famous names from Turkey participate in this program for the benefit of the Educational Volunteers Foundation of Turkey. During the live broadcast, donations are collected for TEGV via live phone calls and SMS messages.

Disability-Friendly Kanal D: In April 2011, Kanal D launched a joint project with the Voice Description Association, which works to expand knowledge to everyone via voice description, around and the slogan, "Access for All." The association has started to offer voice descriptions, subtitles and sign language support for all Kanal D TV series, which are aired at <http://engelsizkanald.com.tr>.

Supporting Women with TV Series

Screenings: Kanal D teamed up with Oriflame and İstanbul Media to launch the "Kanal D TV Series Screening" project, where women get together in movie theaters to watch Kanal D series. Attendees include those who get their first chance ever to go to the cinema and everyone spends quality time watching TV series at specified movie theaters.

CNN Türk's Eco-Friendly Broadcasts

The "Green Nature" program, produced and presented by Güven İslamoğlu, creates awareness about the protection of nature. The program launched on World Environment Day, June 5, 2010; since that time, it has aired every Sunday on CNN Türk. The program helps viewers discover Turkey's nature, people, culture and history, and keeps track of traditions and values on the verge of becoming extinct.

"Green Nature" broadens public awareness about protecting wild life, and highlights the importance of reaching a social consensus when finding solutions to existing environmental problems. Thanks to the cooperation between the "Green Nature" series and the United Nations Environment Fund, four TV programs with a focus on wild life protection were produced and broadcast.

"Flash mob" practices were organized at shopping malls, on passenger ships and at beach locations with the participation of hundreds of environmental volunteers, helping to attract more attention to the importance of recycling.

In addition to producing the "Green Nature" program, Güven İslamoğlu also conducts seminars on the natural environment in primary schools, high schools, universities, civil society organizations and public institutions to raise social awareness on the issue. The public service ads presented by Güven İslamoğlu every week day as part of CNN Türk's "Don't Stand By" TV stream also aim to raise environmental awareness.

"Green Nature" has received numerous prestigious awards, including the "European Solar 2011" award, regarded as Europe's "Nobel Prize" in the field of the environment and presented to an organization in Turkey for the first time; the first edition of the "Respect for Wetlands Award" from the Ministry of Environment and Forestry; the "Best TV Documentary Award" from WWF; "The Best News Story – Program Award" from the Association of Turkish Journalists; and the "Oktay Ekinçi Press Award" from TMMOB (Union of Chambers of Turkish Engineers and Architects). At the Annual Green Dot Press Awards, Güven İslamoğlu accepted the award on behalf of CNN Türk, presented for its programs and news raising public awareness on the environment and recycling.

CORPORATE SOCIAL RESPONSIBILITY

DOĞAN BURDA SUPPORTED VARIOUS SOCIAL RESPONSIBILITY PROJECTS IN 2016

In 2016, Radyo D continued to provide communication sponsorship to various efforts in the field of health.

Radyo D's Sponsorships

As part of its corporate social responsibility studies, Radyo D continued to provide media sponsorship to or execute projects that benefit the broader public good, especially in the areas of education, health, sports and the environment.

Radyo D supported the Çaba Association Shopping Festival, held in 2016 to finance construction of the Florya Children and Youth Center. The radio channel helped the event gain a broader reach via live broadcasts and interviews. Similarly, the radio channel made live broadcasts during the International Day of the Girl Child Conference, which was designed to empower girls.

In 2016, Radyo D continued to provide communication sponsorship to various efforts in the field of health. Radyo D became a sponsor to the "Life Saving Concert" organized by the Breast Cancer Association and Hope Workshop on September 18, featuring the famous dance music star Bedük. The radio channel also provided communication support to the fifth edition of the "Diet Festival," aiming to fight against obesity and expand healthy eating habits. The event, held on May 13-14 with a view to creating awareness on healthy, balanced nutrition and active lifestyle issues, was shared with Radyo D listeners and contributed to improving public health.

Radyo D supports efforts that develop sports activities in Turkey, better represent Turkey in the international sports arena, and that broaden the awareness of sports among young people. Radyo D performed live broadcasts and DJ sets during the Boğaziçi Sports Fest and the Istanbul High School International Sports Festival in 2016.

In 2016, Radyo D became the radio sponsor of the 13th Alanya Jazz Days event. It also continued to provide publicity support to the arts as the official radio sponsor of the Istanbul Modern Art Museum.

Radyo D commentators contributed to the Talking Books Project, conducted by the Communication Faculty of Ege University, by reading aloud various books to enrich the library for visually impaired students.

Radyo D supports social projects and donation campaigns organized by NGOs and public bodies such as Darüşşafaka, TEGV, ÖSYM, Tarih Foundation, TEMA, TEV, AKUT, ÇEVKO, Kızılay, Yeşilay and the Ministry of Health in the fields of health, education and the environment. Radyo D plans to continue participating in such partnerships that contribute to the advancement of society in 2017.

Radyo D plans to continue participating events that will contribute to the advancement of society in 2017.



Ekonomist: "Women Entrepreneurs"

Capital: "Women Friendly Companies"

Capital: Turkey's "Rich in Heart"

Doğan Burda Magazine Group's Project Adding Value to Lives

Publications under Doğan Burda Magazine Group continue to contribute to social responsibility activities. In 2016, besides undertaking new initiatives to generate social responsibility awareness in the fields of culture, arts, history, nature, environment and health, the Group supported various other social responsibility projects.

Turkey's "Rich in Heart": Realized for the first time in Turkey by Capital magazine, the survey "Rich in Heart" lists businesspersons who make significant donations for philanthropic purposes. The third edition of the survey was conducted in 2016, based on business people's donations in the year 2015. The survey fulfills a crucial mission by encouraging companies and individuals to make donations.

Leaders of Social Responsibility:

Companies undertake social responsibility projects to raise the social awareness of the wider masses in order to establish effective and sustainable relationships with their stakeholders. Capital magazine identifies the social responsibility leaders of Turkey with its annual "Corporate Social Responsibility" survey, published every year. In the "Social Responsibility Leaders" survey published in March 2016, Capital magazine emphasized the importance of social responsibility activities and placed these on the public agenda.

Women Friendly Companies: In 2016, Capital magazine conducted a study entitled "The Women-Friendly Companies of Turkey" in order to highlight and encourage women's employment in the world of business. The top women-friendly companies thus designated were presented with awards.

Support to the Business Community and Entrepreneurship:

Capital magazine continues to encourage entrepreneurship and support the business community with surveys such as "Most Popular Companies" and "Capital 500." Ekonomist magazine does likewise with its surveys entitled "Women Entrepreneurs" and "The Business People of the Year." In the "Women Entrepreneurs" survey by Ekonomist magazine, the "Best Woman Entrepreneur in Turkey", "Woman Entrepreneur of the Future", and "Women Entrepreneurs Making a Difference in their Region" are designated and recognized with awards. The Women Entrepreneurs of Turkey Competition has contributed to an increase in the number of success stories by women entrepreneurs.

Activities at Universities: The panel discussion "How Will Science Change Our Lives in the Future?" – organized by Popular Science Turkey magazine at different universities in Turkey – focuses on scientific issues such as quantum physics, 3D printing, astronomy and artificial intelligence. Popular Science organized these events at Turkey's leading

universities including METU, Bilkent, Boğaziçi, Hacettepe, Mimar Sinan, Dokuz Eylül, Çankaya, TED, Yıldız Technical, TOBB, Karadeniz Technical, Karabük and Ege University. It plans to conduct such activities at four more universities by end-May ,2017.

Culture and Arts: Doğan Burda magazines – such as Istanbul Life, Tempo, Ekonomist, Atlas, and Maison Française – help broaden cultural awareness in Turkey by offering media sponsorship to culture and arts institutions including İKSV and Salt. The magazines play a role in informing the wider masses of events including festivals, concerts, exhibitions, film screenings and talks organized by the referenced institutions.

Support to Ecological Life: The Doğan Burda Magazine Group publication Hafta Sonu offers communication support to the wreath campaign launched by the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA), concerning wedding, funeral and inauguration ceremonies. TEMA uses the proceeds of the campaign to fund its activities for protecting the environment and raising public awareness about nature.

CORPORATE SOCIAL RESPONSIBILITY

DOĞAN GAZETECİLİK WON NUMEROUS PRESTIGIOUS AWARDS – SUCH AS THE PRESS GRATITUDE AWARD FROM THE SPINAL CORD PARALYTICS ASSOCIATION OF TURKEY – IN RECOGNITION OF ITS SOCIALLY RESPONSIBLE JOURNALISM APPROACH.

Campaigns for Healthy Generations:

Doğan Burda Magazine Group publications also give communication support to the Foundation for Children with Leukemia (LÖSEV), which has started a campaign to establish Turkey's most advanced hospital for oncology; the Education Volunteers Foundation of Turkey (TEGV), which works to provide better quality education to primary school children; Tohum Autism Foundation, which runs campaigns for the early detection of autism spectrum disorder in children, and meeting the health, education, employment, vocational training, independence and socialization needs of diagnosed children and their families at world class standards; Turkish Association for Cancer for its breast cancer awareness project; and the Turkish Association for Spasticity in Children, which offers diagnosis, therapy, rehabilitation and education support to children and adults with cerebral palsy.

Doğan Burda – Turkey Representative of Cannes Lions Festival of Creativity:

The Cannes Lions Festival of Creativity, whose 63rd edition was held in 2016, is the largest global event in its field, bringing together over 15 thousand communication, marketing and advertising professionals from 95 countries. As the Turkey representative of this creativity-oriented organization, which broadens the horizons of young creators, Doğan Burda Magazine Group continued its activities in 2016 to support creativity and bolster the advertising sector in Turkey. The Turkey selection process for the "Young Lions" competition organized as part of the festival was

completed in April. Doğan Burda made sponsor-funded travel arrangements for 12 young communication professionals to Cannes in June to represent Turkey at the International Cannes Lions Festival of Creativity.

Social Responsibility Activities by Doğan Gazetecilik:

Sponsorship Support to Various

Activities: Featuring the most prominent media companies in Turkey, Doğan Gazetecilik won numerous prestigious awards – such as the Press Gratitude Award from the Spinal Cord Paralytics Association of Turkey – in recognition of its socially responsible journalism approach.

Doğan Gazetecilik assumed the press sponsorship of the following events in 2016:

- › Golden Ant Awards
- › AYD Conference
- › Bebekoloji 2016 (İstanbul-Ankara-İzmir)
- › Fethiye Festival
- › IBS Mother & Child Fair
- › Kapadokya Regional Meeting
- › Kartal Summit
- › Book Fair (İstanbul-Kocaeli-İzmir)
- › Crystal Apple Competition
- › Retail Days

"We Are Fans of Turkey": The daily sports newspaper Fanatik, under the umbrella of Doğan Gazetecilik, conducted a campaign to donate its proceeds on December 15, 2016 to the Foundation for Supporting the Turkish Police Force. The amount was to be distributed among the families of police officers martyred during

the terrorist attack that took place after the football match between Beşiktaş and Bursaspor. For the social responsibility campaign organized around the hashtag #turkiyeninfanatigiyiz (We Are Fans of Turkey), a commercial video featuring the newspaper's Editor-in-Chief Necil Ülgen was filmed and broadcast across Turkey. The commercial drew immense interest and appreciation, reaching 2 million views on social media in a single day. The donation check for the newspaper sales revenue collected during the campaign was presented by Necil Ülgen to the Foundation for Supporting the Turkish Police Force.

DHA Press Photo Sends Ripple across the World

Doğan News Agency (DHA) continued to make headlines with its photos and news articles in 2016. DHA correspondent Nilüfer Demir's photo of Aylan Kurdi was deemed worthy of the UN Journalists Association's Gold Prize and the Sedat Simavi Journalism Award. It was also designated by the prestigious news magazine TIME as one of the 15 most impressive photos of all time.

Yaysat's Social Responsibility Activities

Support to Children: Yaysat executed the projects "One Book One Child, One Child One Hope" and "Support to Gazipaşa Junior High School" in order to meet children's needs and provide them with better living standards. For this purpose, 155 coats, 157 boots, 30 scarves-hats-gloves, 1,015 books and 1,179 stationery items were sent to Karaaba Primary School (Samsun) and Gazipaşa Junior High School (Şirnak).



Knitting Happiness for Children in the Cold.

Animal Friendly Company Perspective:

The company conducts joint projects with the Modern Animal Care Center – under the umbrella of Esenyurt Municipality's Veterinary Medicine Directorate – to provide assistance to animals and improve animal shelters. The newspapers used throughout the year are sent to animal shelters, and are thus recycled to meet the needs of animals.

The stray dogs and puppies living around the facility were taken under protection in the area behind the company center. All dogs receive the necessary vaccinations and the required internal and external parasite treatments. In the case of accidents, dogs undergo needed treatment; they are also sterilized at the Modern Animal Care Center after a certain age.

Every stray animal around the facility is fed from the cafeteria in line with the company's eco-friendly perspective.

"Not Just a Bottle Top": Under the campaign "Not Just a Bottle Top," organized by the Spinal Cord Paralytics Association of Turkey, company employees collect plastic bottle tops in boxes placed on each floor. The collected tops are recycled to generate revenues, which in turn will be used to purchase wheelchairs with or without electric battery for thousands of individuals who are in need.



81 Libraries for 81 Schools in 81 Provinces.

D&R's Social Responsibility Projects for Children

42,000 Books for 81 Schools in 81 Provinces: To provide books to children across the country, D&R joined forces with the Interbank Card Center and the Books for All Foundation to launch the project "81 Libraries for 81 Schools in 81 Provinces." D&R customers who made contactless purchases at company stores until March 1, 2016, made contributions to the campaign, which helped donate 42,000 books for 81 school libraries in 81 schools in the 81 provinces of the country.

Knots of Happiness: In 2016, D&R collaborated with Hürriyet's supplement Kelebek and the Turkish Red Crescent to launch the project "Knots of Affection," around the slogan "Knitting Happiness for Children in the Cold." The campaign, which lasted until March 15, 2016, quickly went viral. Sweaters, wool hats and scarves knit by readers were collected in D&R stores and later delivered to children in need across the nation.

Milta Bodrum Marina's Activities for Children and Youth

Project to Promote and Protect the Natural Environment around the Marina: Milta Bodrum Marina is well-known for the sports events it hosts and its social responsibility projects for children. Under the guidance of the teacher Nuran Kansu, the author of the book "Discovering

Nature with My Child," the company realized the Project to Promote and Protect the Natural Environment around the Marina within the Osmanlı Shipyard Protected Area. This effort allowed children to discover the local landscape and enhance their knowledge of nature.

The project activities, organized under the sponsorship of Milta Bodrum Marina Magazine, invite everyone to protect the natural environment and allow more and more youth to enjoy healthy development in sensory, mental and physical terms. The young participants thus get the chance to learn about the diversity of and life cycles in nature, and grow as ecologists. In 2016, the company also helped shoot a short video for the project "Discovering Nature with My Child."

Thanks to the immense popularity of the project among students and the demand from school managers in 2016, the project activities will continue in 2017 as well.

When Hearts See Association's Computer Training Program and Promotion of the Marina:

Marina: In 2016, Milta Bodrum Marina partnered with the When Hearts See Association to sponsor the computer training of visually impaired citizens in order to support the social integration of visually impaired children and youth.

CORPORATE SOCIAL RESPONSIBILITY

RENOVATED WITH CONTRIBUTIONS FROM MİLTA BODRUM MARINA, BODRUM OTTOMAN SHIPYARD IS THE FIRST OTTOMAN ERA SHIPYARD IN THE CITY, AND NOW SERVES AS AN ART GALLERY POST-RENOVATION.

Helping ideas and dreams come true, Milta Bodrum Marina also held seminars on the blue flag, environmental awareness and recycling to members of the When Hearts See Association.

Environmental School Trips and Photo

Activities: Throughout the year, students from schools in Bodrum and the environs join trips to Milta Bodrum Marina, to learn about the natural beauties of the marina and measures for protecting nature. The students also learn about the operation of marinas and the use of renewable energy, such as solar and wind power, on boats. During the visits, the students had the chance to take photos of the natural life in and around the marina.

On different dates in 2016, Milta Bodrum Marina welcomed students from schools such as TED College, Atatürk Primary School and Mavi Çizgi Kindergarten. Children enjoyed this chance to discover the natural life around the marina. They were also presented with the book "Discovering Nature with My Child" by Nuran Kansu, brochures on the marina, and souvenir pens.

April 23 Children and Art Festival:

Numerous children and adults from Turkey and abroad attended the Children and Art Festival organized by Milta Bodrum Marina on April 23 National Sovereignty and Children's Day. During the daylong celebrations, music, painting and dance activities were organized for young attendees at various spots across Milta Bodrum Marina. The festival featured events such as shows by nearby schools and guest students; a painting exhibit as part of the Disability Project organized by Yahşi Special Education Work Practice Center students; an autograph session with Nuran Kansu, the author of the book "Discovering Nature with My Child"; various science workshops with the participation of volunteer teachers. The future plan is to hold the April 23 Children and Art Festival every year as it makes a huge contribution to introduce children to different cultures.

Fishing Tournament:

The "International Bodrum Line Fishing Tournament" aims to ensure that line fishing complies with ethical principles and raise awareness on the issue. The 8th edition of the tournament was held October 14-16, 2016 at Milta Bodrum Marina. The event has now become a well-established, international tradition thanks to the long-running support of Milta Bodrum Marina.

Blue Flag Activities:

The symbol of a clean, well-kept, well-equipped, safe, civilized and sustainable environment, the Blue Flag is granted to marinas that meet the standards of the Turkish Environmental Education Foundation (TÜRÇEV). Milta Bodrum Marina, which holds a Blue Flag, informs the public about TÜRÇEV's mission, and the Blue Flag, Blue Card and waste collection points. Milta Bodrum Marina also serves as a waste collection point. The marina registers information on the type and volume of waste collected from yachts, as well as waste collection boats, fishermen's shelters, yacht ports and similar coastal facilities via the Blue Card System. The Blue Card System can be monitored over the internet, in order to prevent the unlawful disposal of bilge, waste water and other waste overboard.

Homage to the Famed Sailor Sadun Bora:

On June 5, 2016, Milta Bodrum Marina paid homage to Sadun Bora, the first Turkish sailor to circumnavigate the world in his boat, at a commemoration event in Bodrum, on the first anniversary of his passing away.

Milta Marina Vista Hotel Sponsors the

BodRUN Ultra Marathon: Hosted by Bodrum Municipality with the support of the Ministry of Youth and Sports of Turkish Republic and the Turkish Federation of Athletics, the first edition of BodRUN Ultra Marathon was organized in 2016 with the sponsorship of Milta Marina Vista Hotel.



The marathon started out from Bodrum with the slogan "Discover Bodrum While Running!" The event saw the participation of some 600 adult runners and 50 young runners from 10 countries. Milta Marina Vista Hotel thus sponsored a sports activity in the natural environment and offered technical and personnel support to this event, which helped promote Bodrum. The hotel has also printed and distributed special t-shirts and uniforms for the youngsters joining the marathon.

Arts and Culture Events: Renovated with contributions from Milta Bodrum Marina, Bodrum Ottoman Shipyard is the first Ottoman era shipyard in the city, and now serves as an art gallery post-renovation. Having hosted numerous national and international exhibitions, Milta Bodrum Marina Ottoman Shipyard District Governorate Art Gallery was a center of attention for the media with its growing visitor numbers in 2016. The 17 exhibitions organized in the Ottoman Shipyard during the year showcased numerous works of painting, sculpture, ceramics and photography for the appreciation of arts enthusiasts.

Awards to Milta Bodrum Marina

Blue Flag Award 2016: In 2016, Milta Bodrum Marina was once again deemed worthy of the Blue Flag award granted by TÜRÇEV as the symbol of a clean, well-kept, well-equipped, safe, civilized and sustainable environment. Milta

Bodrum Marina sets an example to its stakeholders in the field of environmental sustainability by holding the Blue Flag Award since 1999.

Best Environmental Awareness Activities Award 2016: Milta Bodrum Marina places a special importance on environmental education and information, frequently undertaking environmental management activities. In recognition of these efforts, Milta Bodrum Marina garnered the Best Environmental Awareness Activities Award 2016.

Gold Anchor Awards 2016: Milta Bodrum Marina was honored with a Five Gold Anchors Award by the UK-based The Yacht Harbour Association (TYHA) under the British Marine Federation. The award was granted to the marina for its technical infrastructure, well-experienced technical team, top quality services, social responsibility projects, culture and arts activities.

The Five Gold Anchors Award designates the standards of marinas according to international quality and service criteria. The recipient of the Five Gold Anchors Award since 2008, Milta Bodrum Marina remains one of the very best marinas worldwide in its 17th year in business.

Işıl Club Holiday Village Employees

Donate Blood to the Red Crescent:

Employees of Doğan Holding's subsidiary Işıl Club Holiday Village organized a

voluntary blood donation campaign in 2016.

In addition, Işıl Club received the Blue Flag Award, and the Gold Certificate in the areas of food and water safety.

Suzuki Special Award at Young Communicators Competition

In 2016, Suzuki started contributing to the Young Communicators Competition organized by Aydın Doğan Foundation to help raise highly skilled media employees and encourage the creativity of future communicators with a Suzuki Special Award. Communication faculty students from across the country attended the Young Communicators Competition, where Suzuki issued a call for projects that will strengthen its brand communication around the slogan "Way of Life." The award ceremony was held on February 21, 2017 and the project deemed worthy of the Suzuki Special Award was announced.

Intern Engineer Training Program (PEP) by Ditaş

Doğan Holding's subsidiary in manufacturing, Ditaş launched the PEP Intern Engineer Training Program to train the engineers of the future. The company offered a 10-month internship program to successful students or recent graduates of university engineering departments. The students get the chance to gain in-depth, professional experience while also receiving a monthly salary.

CORPORATE SOCIAL RESPONSIBILITY

HAVING INTRODUCED ORGANIC AGRICULTURE AND LIVESTOCK BREEDING, TO THE PEOPLE OF THE KELKIT AREA, DOĞAN ORGANİK HAS GREATLY CONTRIBUTED TO THE REGION'S EMPLOYMENT BASE AND SOCIO-ECONOMIC DEVELOPMENT.

An Exemplary Business Model: Doğan Organik Kelkit Initiative

Doğan Organik was founded 13 years ago to create employment opportunities in Kelkit - Gümüşhane and the surrounding area while slowing migration to large cities, educating the local population on agricultural techniques and integrating residents into the economy. Throughout the years, Doğan Organik has become a proven model of sustainability for Turkey's agricultural economy, as well as one of the country's largest producers of organic milk with an annual production of 5,000 tons.

Having introduced organic agriculture and livestock breeding to the people of the Kelkit area, Doğan Organik has greatly contributed to the region's employment base and socio-economic development. Established with the goal of transforming the region into a hub for organic milk production and livestock breeding, Doğan Organik moves steadily toward its target every year, with a firm belief in the local population and through the use of insightful strategies.

After Kelkit basin was designated by the Turkish Republic of Ministry of Food, Agriculture and Animal Husbandry as an organic agriculture pilot zone in Turkey, the company, namely Kelkit Organic Dairy Livestock, was established in 2002 and became operational in 2003. Two years later, the company received organic production certification from an accredited EU firm (Ecocert Imo), and offered its very first organic milk to the Turkish market in 2005.

The milk production of the company and its contracted farmers has steadily increased each year. As a result, Doğan Organik not only provides raw milk to the market but has also started to offer processed dairy products to consumers under the private labels of various national market chains since 2011. In 2015, the company developed an in-house consumer brand, "Yoncadan," to offer its organic milk and dairy products direct to the consumer. In 2016, the company restructured its distribution network by creating exclusive distributors in Istanbul, Ankara and İzmir, in addition to deploying an integrated IT infrastructure.

Doğan Organik Ürünler sets an example in sustainable agricultural development by starting and successfully maintaining a key economic initiative in a region that has been involved in animal husbandry for a long time. As a result, the Doğan Organik Kelkit initiative was recognized as one of the top 10 socially responsible investments in Europe by the European Union Directorate of Business Concerns in 2005. In 2006, Doğan Organik was honored with the "Best Agricultural Investment" award from the UN's Food and Agriculture Organization (FAO) on World Food Day. In 2012, Doğan Organik received the "Corporate Citizenship" prize at the nationwide with its sustainable growth model. In addition, Doğan Organik was presented with the Jury's Second Prize by the Selection Committee, which was composed of the national partners of CSR Europe, UNDP and international CSR experts.

Doğan Organik received the first prize in the SME category at the European Union Corporate Social Responsibility Awards, held for the first time in 2013 and organized by the European Commission, Corporate Social Responsibility Communication under the theme "Cooperation, Innovation, and Influence."

In 2013, at the European CSR Award Best Practice Exchange Forum, where countries share their corporate social responsibility experiences, Doğan Organik was one of the six projects selected from among 60 projects submitted by 30 nations. The European CSR Award Best Practice Exchange Forum is organized by Business in the Community, established in London in 1982 by the British business community in order to extend the CSR approach.

With its Kelkit initiative, Doğan Holding spearheaded the development of organic agriculture and livestock farming in Turkey. The Holding was the main sponsor of the 18th Organic World Congress, organized by the International Federation of Organic Agriculture Movements in October 2014, in Istanbul. The event provided an international platform for sharing experiences in agricultural development, food safety and sustainability.

OCCUPATIONAL HEALTH AND SAFETY

LAW NO. 6331 GOVERNING MATTERS PERTAINING TO OCCUPATIONAL HEALTH AND SAFETY AND RELATED REGULATIONS CONSTITUTE THE FOUNDATION OF DOĞAN HOLDİNG'S OCCUPATIONAL HEALTH AND SAFETY PRACTICES.

The Holdings's teams work on occupational health and safety abide by the OHS procedures – which serve as in-house regulations and that facilitate compliance with the applicable legislation on OHS.

Law no. 6331 and related regulations on Occupational Health and Safety (OHS) lay the groundwork for OHS activities at Doğan Holding. Legislative changes in this area during the year were closely monitored by Doğan Holding's relevant departments, while necessary adjustments to ensure compliance were swiftly undertaken.

The Holding's teams that work on occupational health and safety abide by the OHS procedures – which serve as in-house regulations and that facilitate compliance with the applicable legislation on OHS – ILO principles, human rights, and the rules outlined in Doğan Group's OHS Policy.

OCCUPATIONAL HEALTH AND SAFETY PRACTICES

Occupational Health and Safety Supreme Board

The Occupational Health and Safety Supreme Board, established within Doğan Group, is tasked with monitoring whether all affiliate companies abide by occupational health and safety legislation, the Doğan Group Occupational Health and Safety Policy and the Occupational Health and Safety Procedures and reporting any irregularities to the departments in charge. The Supreme Board successfully conducted monitoring activities throughout the year.

Occupational Health and Safety (OHS) Committees

Occupational Health and Safety Committees have been set up in all Group companies, and committee members were trained with regard to their duties and authority. As stipulated by law, the committees are comprised of the employer's representative, an occupational physician, occupational safety specialist, a human resources officer, employee representatives, and technical and administrative personnel. These bodies convened in 2016 ordinary or extraordinary as stipulated by the governing regulations and adopted decisions on matters that fall within their mandates. They also ensured that updates pursuant to previous Risk Evaluation Reports and changing circumstances were undertaken together with risk mitigating precautions.

Occupational Physicians, Occupational Safety Specialists, and Joint Health and Safety Units

Due to variations in the location and headcount of Group companies, and as is permitted by law, we embrace the principle of joint use of resources by all Group companies. Due to differing numbers of employees within Group companies, the number, location and responsibilities of both occupational physicians and occupational safety specialists have been adjusted accordingly. When required by the sector or workplace location, collaborative efforts were made with Joint Health and Safety Units.

OCCUPATIONAL HEALTH AND SAFETY

DOĞAN GROUP TARGETS TO PROVIDE A SAFE AND HEALTHY WORK ENVIRONMENT FOR ALL ITS EMPLOYEES.

The Doğan Group OHS Supreme Board successfully conducted monitoring activities throughout the year.

Emergency Action Plan

To prevent damage in emergencies such as fires or earthquakes, emergency action plans were revised according to the changes in the job or the workplace. Due to changes in the staff, the new research, rescue, evacuation and fire extinguishing personnel received the necessary theoretical and practical training, while existing staff participated in refresher training programs. The periodic mandatory evacuation exercises were completed on designated dates.

First Aid Training

According to Law no. 6331, depending on the hazard level of the work undertaken, a certain percentage of designated employees are required to receive first aid training. In line with this requirement, authorized institutions provided personnel with theoretical and practical training; meanwhile, employees participating in the training had to pass a final examination upon which they became certified in administering first aid. As a result of the changing workforce numbers in 2016, the first aid ratio was recalculated with new employees assigned to receive training. The first aid personnel, after the expiry of the validity period of their certificates, received refresher training and the validity periods were extended.

Training of Workers

Law no. 6331 requires the provision of basic OHS training to all employees, while additional training must be provided to certain employees based on their job description. All personnel who started work in 2016 received OHS training, while personnel whose job definition changed attended additional training programs. Vocational training is a must for technical positions; where needed, staff members were provided with on-the-job training programs.

Occupational Physician and Occupational Safety Specialist Electronic Registration System

In order to facilitate the follow-up of recruitments and periodic health checks, the Company expanded the electronic registration system for occupational physicians developed upon user feedback to incorporate occupational safety specialists. Work continued to modify programs based on needs and requests, transforming these into a functional and practical system that all personnel can use effectively. This system has simplified the work of Occupational Physicians, Occupational Safety Specialists, and Joint Health and Safety Units, while increasing the monitoring capacity of the OHS Supreme Board.



Recruitment and Periodic Health Checks

In 2016, aside from the basic control performed by the occupational physician, newly hired personnel underwent additional check-ups, such as medical exams, hearing tests, roentgen graphic examination of the lower back, and ophthalmic checks, as well as special physician consultations depending on their area of expertise. These controls were repeated periodically. Additionally, the entire workforce underwent chest x-ray screening. All willing staff participated in hearing and vision testing, in addition to those who are required to do so.

Preventive Medical and Polyclinic Services

Occupational physicians working at Group companies also delivered preventive medical and polyclinic services where available, during the time outside their core work. The occupational physicians provided mandatory vaccinations as well as additional vaccinations for personnel at risk.

Depending on the nature of the work, trainings were organized in different workplaces on weight lifting, ergonomics, healthy nutrition, obesity and coping with stress.

Porter Screening and Hygiene Inspections

All personnel involved in food-related services undergo porter screening on a regular basis. Moreover, occupational physicians frequently controlled food production and presentation as well as the hygienic standards of the food on offer. Regular checks were conducted at various locations via authorized firms with swift measures taken to correct any problems identified.

Workplace Measurements

In all facilities, workplaces are checked against any health hazards that could jeopardize employee health; all necessary precautions are taken in the event of shortcomings. During these measurements, indicators such as air

quality, dust level, chemical materials, temperature, illumination, noise, and biological contamination levels are regularly monitored and reported.

Work Machinery Controls

Authorized personnel check all the machinery used in workplaces within the prescribed deadlines; any problems thus identified are duly resolved.

Monitoring Subcontractors

Law no. 6331 obliges contractors to monitor whether subcontractors abide by occupational health and safety regulations. As a result, Doğan Group monitors the activities of all subcontractors. In addition, occupational health and safety provisions were added to agreements made with subcontractors. The Group monitors subcontractors prior to the start of active operations and provides them with training on occupational and workplace health and safety.

HUMAN RESOURCES

DOĞAN HOLDİNG ENDEAVORS TO ADOPT AN APPROACH THAT OBSERVES ETHICAL VALUES, PRIORITIZES TEAM SPIRIT, FORGES AND EXPANDS A CORPORATE CULTURE THAT IS HIGHLY ENGAGED, COLLABORATIVE AND INNOVATIVE.

HUMAN RESOURCES POLICY

1. GENERAL PRINCIPLES

Recognizing its human resources as its most valuable asset, Doğan Holding's main aim is to be a company which employees are proud and happy to be a part of. Doğan Holding believes that sustainable growth is only possible through the contributions of its workforce. The Group's strategic-thinking, swift, proactive and highly responsible employees moved further ahead of the competition in 2016, while the expanding business volume created new employment opportunities. Thanks to its highly competent human resources, the Holding aims to swiftly, efficiently and fairly support all stakeholders, thereby providing efficient and high standard services. To this end, Doğan Holding is committed to:

- › Creating a suitable environment for employees that supports their personal and professional development;
- › Providing a working environment to ensure sustainable development;
- › Regarding personal differences as enrichment in terms of human resources and taking a fair approach in line with ethical values;
- › Assessing employees' performance by applying objective criterias;
- › Providing equal opportunities to employees in terms of training and development;
- › Strengthening the team spirit and expanding teamwork to achieve better business results,
- › Offering assignment, transfer and rotation opportunities within the Group in order to enable employee development as well as organizational development;

- › Creating a working environment in which ethical values and general rules of conduct are implemented and the balance between business and private life is observed;
- › Rewarding high performance, providing appropriate and constructive feedback to those who have lower than expected performance and supporting them in improving their skills and abilities;
- › Developing approaches to enhance employees' motivation and loyalty,
- › Making improvements in technology and procedures to shorten the business processes of stakeholders and help them operate in a more efficient and productive manner,

In its human resources applications, the Holding endeavors to adopt an approach that observes ethical values, prioritizes team spirit, forges and expands a corporate culture that is sharing, participatory, prudent and values creativity.

The Holding's human resources policy is designed around its congruence with company and employee targets. Therefore, keeping employee loyalty at high levels and ensuring that corporate culture elements are accepted and adopted by all employees are critical. Teamwork and adherence/loyalty to the Company and its corporate culture are among the Holding's strategic priorities. Ensuring that employees are proud of their own success as much as they are proud of the Company's is one of the most important targets in the scope of human resources. While the Holding's corporate culture is shaped by fair, reliable, sincere and appropriate employee relations, honesty is regarded as one of the most

important values in the employee's relations with the Company.

All employees in our Group have equal rights. The personal differences of our employees, such as nationality, beliefs, ethnic origin, gender, disability, political views and age, are regarded as richness in terms of human resources. Our employees are not evaluated on the basis of their personal differences.

We give great importance to internalizing the Code of Ethics among our employees. We facilitate this process via in-house communication channels and training programs. We actively encourage employees to conduct themselves with this awareness.

2. RECRUITING WELL-QUALIFIED PERSONNEL

Doğan Group has adopted the principle of treating all potential candidates equally, with no discrimination during the selection and recruitment process, and looking only at the candidate's suitability for the job. As our Group adopts the belief that corporate success resides in practicing a successful recruitment strategy, our recruitment policy is based on the educational background, experience, competencies, career goals and expectations of candidates, in compliance with requirements of each position. We aim to acquire for the Group individuals who are disposed toward teamwork, who keep a close watch on national and global developments, who are open to innovation and who are suitable for our corporate culture. In recruitment processes, besides competency based interviews, personality traits of candidates are also assessed with various inventories.

Training programs are designed to support employees' personal skills and their daily work.



3. INVESTING IN THE TRAINING AND DEVELOPMENT OF EMPLOYEES

Creating and maintaining appropriate opportunities with the purpose of maximizing employee potential and ensuring the continuous development of personnel is a primary responsibility of Doğan Holding. In order to facilitate employee development, a great emphasis is placed on training at each level and stage. The Holding has adopted a corporate culture that encourages learning and development in order to cultivate well-qualified and professional employees. To ensure the success and efficiency of the Holding, training programs are designed to support employees' personal skills and their daily work. Similarly, employees are provided with the opportunity for personal training based on their own needs and preferences.

Training programs in areas such as personal development, improvement of technical, managerial skills, in addition to laws and regulations, digital marketing and social media are provided. Solutions specifically designed for certain companies also enrich the training programs. Apart from technical training, social trainings are given to employees in order to cope with the stresses of today's business world.

Employees show great interest in training programs on personal development and work-private life balance. These training

modules, attended by all employees, support team spirit and contribute to creating a comfortable working environment.

In addition to aiming to foster a sustained learning and development environment that constantly supports the improvement of senior management, Doğan Holding also targets training strong, and solid executive candidates. With this aim, newly recruited executives and/or executive candidates are provided orientation to quickly adapt to the corporate culture. They are also provided with a number of training opportunities that are designed to develop their competence. Further, thanks to discount agreements between private universities and Doğan Holding, employees have the opportunity to pursue master's level studies while they are working.

All these applications aims to bolster Doğan Holding's capacity in using technology, developing new business processes and assuming a leadership role in new markets.

4. REMUNERATION AND REWARD MANAGEMENT

Doğan Holding has adopted the principle of "equal pay for equal work" in its remuneration policy, which is shaped and updated according to wage categories, recent market trends and performance evaluations.

Employees show great interest in training programs on personal development and work-private life balance.

HUMAN RESOURCES

IN ORDER TO RECRUIT WELL-QUALIFIED INDIVIDUALS AND ENHANCE CURRENT EMPLOYEES' LOYALTY TO THE COMPANY, DOĞAN HOLDİNG HAS ADOPTED A POLICY OF REWARDING SUCCESSFUL PERFORMANCE.

HUMAN RESOURCES PRACTICES

In order to recruit well-qualified individuals and enhance current employees' loyalty to the Company, Doğan Holding has adopted a policy of rewarding successful performance. The Holding believes that employees who perform above expectations and achieve exceptional successes and/or undertake activities beyond their responsibilities should be appreciated and rewarded. The Holding thinks that these types of rewards will encourage employees to perform above the expected standards.

Our Human Resources is Our Most Valuable Asset!

Doğan Holding aims to maintain its current achievements while reaching new accomplishments. The Company is powered by its highly competent and well-equipped employees that have embraced the Group's business targets. The Holding is aware that its employees are its most valuable asset, which is why it has adopted contemporary human resources policies to ensure the highest level of staff satisfaction.

The Holding's human resource policies and applications aim to foster its corporate culture across the workforce, boost efficiency, and strengthen employee loyalty.

Human resources activities undertaken within Doğan Holding and Group companies are designed around a common corporate culture. These activities are conducted on the basis of sector and local factors and can be categorized under four main headings: human resources planning; business analyses based on roles and responsibilities; training and performance; and compensation management.

A Peaceful Working Environment, High Employee Satisfaction

Different personal attributes such as nationality, belief, ethnic origin, language, gender, disability, political views and age are regarded by Doğan Holding as characteristics that strengthen the Company's corporate structure. As a result, every Doğan Holding employee has equal rights.

All Holding employees have private health insurance. Occupational physicians and assistant health personnel employed at the Holding's Group companies – in coordination with the human resources department – closely monitor employees' health conditions.

The latest recruitment methods are utilized to assess whether a candidate's education, experience, competence, career aims and expectations are in line with the Company's needs and position's requirements.

Training Opportunities that Encourage Lifelong Learning

Doğan Holding employs a performance assessment and improvement method to identify employees' knowledge, know-how and skills that need further improvement. Employees are then offered personal and professional training programs to help them actualize their full potential.

The Human Resources Departments of Holding's subsidiaries organize a number of trainings throughout the year to boost the technical competence of employees. Before the training programs are prepared, the personal demands of employees are taken into consideration. When deemed necessary, employees are offered access to in-house or outside training programs.

Internal Communication Efforts and New Applications to Bolster that "We" Feeling

In order to help employees enjoy healthy and continuous communication both with the Company and among themselves, Doğan Holding places great importance on the development of internal communication activities. Doğan Group's internal social web site www.doganbiz.net allows employees to post ads and announcements. In 2016, the Human Resources Department carried out the following activities:



Performance Management System:

In order to launch the Performance Management System, whose software was developed in-house as part of the Mydmg system, a seminar was held for the top managers of Doğan Holding and Group companies. The implementation started in July and yielded positive results. Thanks to the Performance Management System, employee performance assessment can be conducted in a fair and open fashion over this system; in addition, the personnel and their managers can monitor the entire process.

Doğan Card: The Doğan Card, which provides discounts on products and services from about 150 suppliers, is one of the most popular HR services among the staff. Doğan Card's web site at www.dogankart.com and mobile app were launched in 2016.

The E-çalışan Portal (E-employee Portal):

The E-çalışan portal, which features a large array of services frequently improved with new functionality, enables personnel to complete their transactions within a shorter period of time, in an interactive manner.

In 2016, new modules of the portal were launched and the scope of its service area was expanded.

Collaboration with Universities in

Recruitment: Following joint work with Boğaziçi University Alumni Association (BÜMED) and METU Alumni Association, the Group started to select candidates from the top universities in the country.

Social Networking: Doğan Holding closely monitors the latest communication applications to integrate these into its own business operations. In 2016, Doğan Holding's Human Resources Department built up its presence on social media via Facebook, LinkedIn and Twitter accounts.

Mydmg: The Mydmg payroll and personnel benefits management program used by the Group's HR departments was further enhanced in 2016. The upgrades helped the Group HR units obtain faster and more efficient results. Important HR tools were added to the Mydmg program and made available to Group companies in 2016.

- Private Health Insurance Module:

The Private Health Insurance Module was created and launched over the E-employee system for interactive use by staff. The private health insurance policy information of employees and families was also loaded on the module. Personnel can now check their data, access all documents and view information related to agencies and insurance over this module.

- Occupational Health and Safety

Module: The Occupational Health and Safety Module is used by occupational physicians and occupational safety experts, who report to the Vice President of Occupational Health and Safety.

- Individual Accident Insurance: The individual accident insurance was put in place for employees working in hazardous environments. The insurance policies are monitored over the Mydmg system.

- Check-up Management: A follow-up and management module was opened over the main module for monitoring employee check-ups.

Orientation and Orientation Booklet: The orientation program, which shortens the adaptation process of new employees, was implemented in 2016 as well. An orientation booklet was given to newly recruited staff during the year to accelerate their adaptation process and help them embrace the corporate culture in a shorter time.

HUMAN RESOURCES

IN 2016, DOĞAN HOLDİNG'S HUMAN RESOURCES DEPARTMENT BUILT UP ITS PRESENCE ON SOCIAL MEDIA VIA FACEBOOK, LINKEDIN AND TWITTER ACCOUNTS.

Internal Communication and Announcements: Doğan Holding's corporate communications processes were updated and performed in accordance with the Doğan corporate identity and the announcement and dispatch procedure. Announcements such as promotions, deaths and need for blood were made across the Group.

Activities and Events: New activities and events such as monthly birthday celebrations, Women's Day, and summer parties continued to be organized to boost employee loyalty and motivation.

DOĞAN HOLDİNG'S HUMAN RESOURCES PROFILE

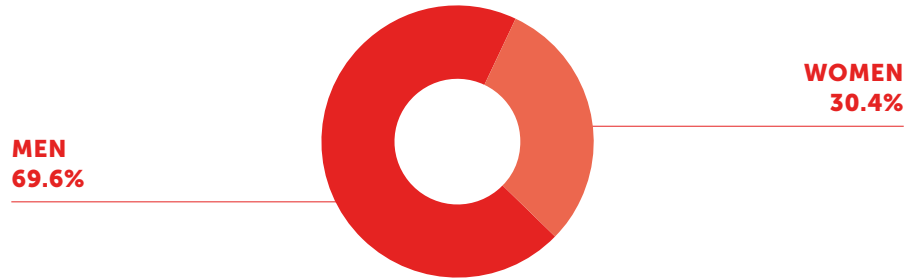
As of December 31, 2016, the Group employed 8,635 personnel in Turkey and overseas (7,724 in Turkey). This figure includes the total personnel of the subsidiaries and joint ventures consolidated with the full consolidation method (December 31, 2015: a total of 8,678 employees; 7,547 in Turkey). Some 30.4% of the personnel employed in Turkey are women. Staff members employed for over five years in the Group represent 45.7% of the total workforce.

As of December 31, 2016, 57.1% of Doğan Holding personnel in Turkey are in the 18-35 age group, giving the Company a young employee profile. The average age of the Group's workforce is 34.

TENURE INFORMATION ON DOĞAN HOLDİNG AND GROUP COMPANY EMPLOYEES



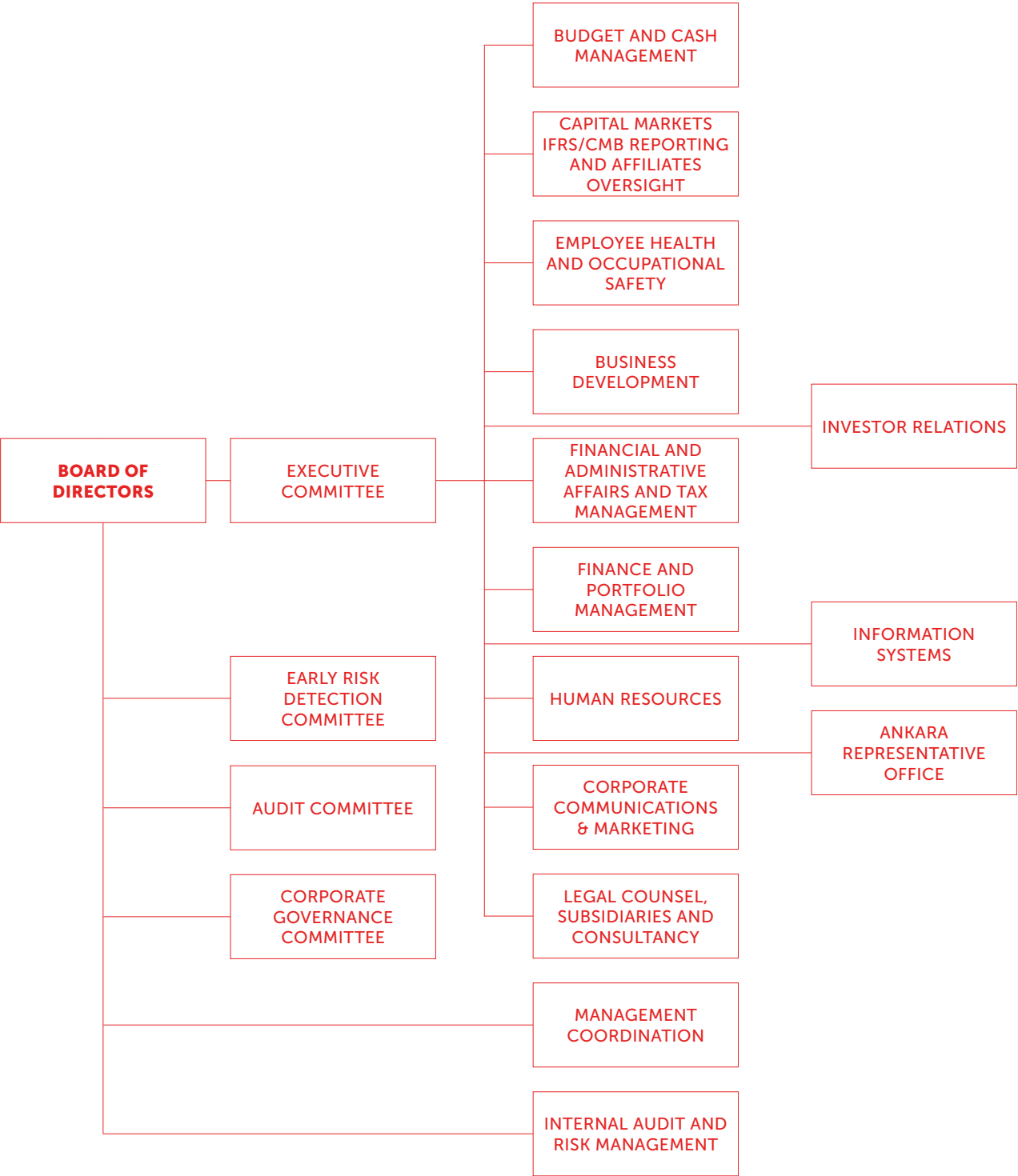
DOĞAN HOLDİNG AND GROUP COMPANIES' EMPLOYEE GENDER DISTRIBUTION



DOĞAN HOLDİNG AND GROUP COMPANIES' EMPLOYEE AGE RANGE



DOĞAN HOLDİNG ORGANIZATIONAL CHART



CORPORATE GOVERNANCE

MANAGEMENT STRUCTURE

Sustainable and Profitable Growth Strategy

Doğan Group Companies adopt a management approach based on the Holding's sustainable and profitable growth strategy. The Group's companies also create a transparent, flexible and entrepreneurial working environment centered on teamwork and communication.

As a driving force of the Turkish economy, Doğan Holding remains the pioneer of change and development in all its sectors while maintaining an innovative vision.

Corporate Governance Rating

Doğan Holding fully embraces the concepts of equality, transparency, accountability and responsibility put forth in the Capital Markets Board's Corporate Governance Principles as an integral part of its corporate culture. Doğan Holding has been included in the BIST Corporate Governance Index since November 4, 2009. In its report dated November 7, 2016, SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a rating agency licensed by the Capital Markets Board to perform corporate governance rating activities in accordance with CMB's regulations and resolutions, upgraded Doğan Holding's corporate governance rating to 9.40 (93.98%) out of 10.00. As per CMB's relevant resolution, the final rating is determined by assigning different weights to four subcategories. The distribution of our corporate governance rating by subcategory is presented below:

Subcategories	Weight (%)	Score November 2016	Score November 2015
Shareholders	25	94.88	94.36
Public Disclosure and Transparency	25	96.50	95.73
Stakeholders	15	93.51	93.51
Board of Directors	35	91.75	91.45
Total		93.98	93.56

The Corporate Governance Compliance Report published by SAHA is available on Doğan Holding's corporate website (www.doganholding.com.tr).

Inclusion in BIST Sustainability Index

The BIST Sustainability Index features the stock of those companies listed on Borsa İstanbul demonstrating a high corporate sustainability performance. As a result of assessments to determine the companies to be included in the index for the period November 2016 – October 2017, Doğan Holding was added to the index as of November 1, 2016.

BOARD OF DIRECTORS

The Chairperson and members of the Board of Directors hold the powers granted to them by the relevant articles of the Turkish Commercial Code and the Articles of Association. Board Members are elected to serve for a maximum of three years according to Article 12 of the Articles of Association. If their term of office is not clearly stated in the selection decisions by the General Assembly, the term of office is deemed to be one year. The Board Members selected at the Ordinary General Assembly Meeting on March 31, 2016, where the activities and accounts for fiscal year 2015 were discussed, will be in office until the next Ordinary General Assembly Meeting at which the activities and accounts of fiscal year 2016 will be evaluated. In 2016, 28 Board of Directors meetings/decisions were held/made (2015: 35).

Board of Directors¹

Name/Surname	Duty	Executive/Non-executive
Y. Begümhan DOĞAN FARALYALI	Chairwoman of the Board of Directors	Non-executive
Hanzade V. DOĞAN BOYNER	Vice Chairwoman of the Board of Directors	Non-executive
Arzuhan DOĞAN YALÇINDAĞ	Board Member	Non-executive
Vuslat DOĞAN SABANCI	Board Member	Non-executive
İmre BARMANBEK	Board Member	Non-executive
Yağmur ŞATANA ²	Board Member	Executive
Tayfun BAYAZIT	Independent Board Member	Non-executive
Dr. A. Vural AKIŞIK	Independent Board Member	Non-executive
Hacı Ahmet KILIÇOĞLU	Independent Board Member	Non-executive

Board Members hold the following positions outside the Company:

Full Name	Duties outside the Corporation
Y. Begümhan DOĞAN FARALYALI	Chairwoman of various Group companies
Hanzade V. DOĞAN BOYNER	Honorary Chairwoman and Vice Chairwoman of various Group companies
Arzuhan DOĞAN YALÇINDAĞ	Chairwoman of various Group companies
Vuslat DOĞAN SABANCI	Chairwoman of various Group companies
İmre BARMANBEK	Vice Chairwoman of various Group companies
Yağmur ŞATANA ²	Board Member of various Group companies
Tayfun BAYAZIT	Founder and owner of Bayazıt Yönetim Danışmanlık Ltd; Board Member of various non-Group companies
Dr. A. Vural AKIŞIK	None
Hacı Ahmet KILIÇOĞLU	Independent Board Member of various Group companies; Board Member of various Non-Group companies

Board of Directors Committees

With the decision of the Board of Directors dated May 7, 2015, to be approved at the next Ordinary General Assembly at which the activity results of fiscal year 2015 will be evaluated, the Executive Committee, Audit Committee, Early Risk Detection Committee and Corporate Governance Committee have been established and all of which excluding the Corporate Governance Committee shall be operational by the first Board meeting following the next Ordinary General Assembly. The Corporate Governance Committee will continue its duties until the first Board of Directors' Meeting to be held after General Assembly to convene to discuss 2015 activity results. With the same decision, it was stipulated that the Corporate Governance Committee would also take on the duties of the Nomination Committee and the Compensation Committee as per II-17.1 Corporate Governance Communique issued by the Capital Markets Board (CMB).

Executive Committee¹

Name/Surname	Duty
Yağmur ŞATANA ²	Deputy Chief Executive Officer (CEO)
Ahmet TOKSOY	Member (Chief Financial Officer - CFO)
Erem Turgut YÜCEL	Member (Chief Legal Counsel)

Audit Committee¹

Name/Surname	Duty
Tayfun BAYAZIT	President (Independent Board Member)
Hacı Ahmet KILIÇOĞLU	Member (Independent Board Member)

The Audit Committee convened four times in the accounting period 01.01.2016-31.12.2016, reached five resolutions, and presented these resolutions in writing to the Board of Directors. The working principles of the Audit Committee are available on the corporate website (www.doganholding.com.tr).

Corporate Governance Committee

Name/Surname	Duty
Tayfun BAYAZIT	President (Independent Board Member)
İmre BARMANBEK	Member
Dr. Murat DOĞU	Member
Banu ÇAMLITEPE	Member

The Corporate Governance Committee convened five times in the accounting period 01.01.2016-31.12.2016, reached six resolutions, and presented these resolutions in writing to the Board of Directors. The working principles of the Corporate Governance Committee are available on the corporate website (www.doganholding.com.tr).

Early Risk Detection Committee

Name/Surname	Duty
Tayfun BAYAZIT	President (Independent Board Member)
Erem Turgut YÜCEL	Member
Tolga BABALI	Member
Tahir ERSOY	Member

In the accounting period 01.01.2016 – 31.12.2016, the Early Risk Detection Committee convened six times and presented the decisions made during these meetings to the Board of Directors in writing. The working principles of the Early Risk Detection Committee are available on the corporate website (www.doganholding.com.tr).

¹ Detailed information on the Board of Directors and Committees as well as member resumes are presented on the Corporate website (www.doganholding.com.tr).

² Based on the Board of Directors' resolution dated February 20, 2017 and numbered 2017/03, as Soner Gedik resigned from all his duties, including his duty as the Chief Executive Officer, which he holds in his capacity as a member of the Board of Directors of our Company, Yağmur Şatana was appointed as Board Member and Deputy CEO, effective as of February 20, 2017.

INTERNAL AUDIT AND CONTROL

In line with Doğan Holding's mission, vision and strategies, the Project for Preparing/Updating Policies, Regulations and Procedures continued in 2016. Under this effort, an authorization scale was created for the standard regulation practices across the Group. In 2016, an IT security audit was performed, and measures were taken to enhance the Group's awareness on IT security, with the participation of the IT Security Committee. Efforts were carried out related to the protection of Company assets, routine work on internal control, the "assurance" function, and "compliance" related activities as part of risk management. In 2016, the activities of the audit units in different subsidiaries were planned and coordinated with a view to enhancing synergy and efficiency.

As part of consultancy activities, support was provided for cost cutting projects and due diligence studies carried out by the Holding and Group companies. New risk indicators identified within the scope of risk management started being monitored periodically/ systematically. In addition, the effectiveness of the surveillance function was increased.

In 2017, the Department plans to complete the "Preparing/Updating Policies, Regulations and Procedures Project"; implement internal and external development programs for enhancing team competences; provide subsidiary managements training on the "Doğan Group Internal Control Framework" based on COSO 2013; and enhance audits related to information technologies and information security.

RISK MANAGEMENT

Under its risk management policies, Doğan Holding internally monitors financial, operational and compliance risks, in addition to the designation and measurement of financial risks. The Holding advises Group companies based on the business risk information gathered.

Financial, Compliance and Operational Risk Management

Efforts to define, identify and monitor the risks that the Group companies are exposed to, as well as risk management activities for controlling and mitigating such identified risks, are performed under the coordination of the Holding's Financial Affairs, Audit and Risk Management Units in conjunction with the senior management of the Group companies.

In an effort to minimize and manage risks specific to the industries in which Doğan Holding companies operate, senior management and department managers were administered training on applicable regulations. Consequently, risk perception was instilled and risk awareness was raised by all executives. The management of tax, commercial law and capital markets compliance risks, which are a major component of financial, compliance and operational risks, is carried out under the coordination of the Holding's Financial Affairs, Audit and Risk Management Units with the occasional support of audit and certified public accounting firms. Group companies are constantly monitored against risks with such audit and control activities.

Additionally, pursuant to Article 378 of the Turkish Commercial Code (Law No. 6102), Doğan Holding's Board of Directors has set up an Early Risk Detection Committee. The Committee is charged with detecting early on the risks that could jeopardize the existence, development and continuity of the Company; taking necessary action against such risks; managing risks; and reviewing the risk management systems at least once every year. At Group companies listed on the stock exchange, Early Risk Detection Committees convene bimonthly to assess risks of the Group Companies and submit a report to the Board of Directors.

Financial Risk Management

Due to its business activities, Doğan Holding is subjected to a range of risks, such as credit risk, market risk (foreign currency, interest risks, and price) and liquidity risk. Financial risk management aims to minimize the adverse effects caused by the volatility of the financial markets on the financial results.

To be able to avoid these financial risks, the Group uses the options of recording foreign currency positions on a Holding-basis in consideration of the Group companies' foreign currency liabilities; positioning the Group in line with its liabilities according to the cash positions of the Group companies; and limiting the volume of derivative liabilities.

Financial risk management is conducted by all subsidiaries and joint ventures, within the general frameworks set by the Board of Directors.

The Centralized Treasury System enables the daily market values (including options and forward transactions) of any financial instrument to be calculated. Adopted in 2011, this system allows for the follow-up of financial risks and the management of assets and liabilities. With the financial risk management system, foreign currency and interest risks are calculated according to market yield curves and reported on a daily basis. The Centralized Treasury System also features portfolio management software, which helps report the financial cash flow and portfolio efficiency on a daily basis for every company and for the Group as a whole.

Credit Risk

Credit risk is the risk of the other party's non-fulfillment of its contractual obligations, in those contracts signed by the Group. This risk involves Group company receivables, particularly from advertising.

Publishing/Broadcasting: Doğan Holding controls its credit risk primarily by credit assessment through its factoring firm and by assigning credit limits to counter parties, in effect creating a data center. Credit risk is distributed due to the many organizations in the client-base and their distribution among diverse business areas.

Other: These risks are controlled by limiting the average risk for the other party (except related parties) in each contract, and by demanding collaterals when required.

Receivables Risk

Doğan Group companies are exposed to receivables risk due to trade receivables from their credit sales. Therefore, the Group companies' management try to minimize their accounts receivable risks by setting credit limits for each customer and obtaining collateral when necessary, or by executing sales transactions in cash when working with high risk customers.

Collection risk, which Group companies are subject to, generally arises from trade receivables. The Financial Risk Committee regularly evaluates the commercial receivables at its regular meetings, based on past experience and the current economic situation. The Committee ensures coordination with the companies, conducts studies on the situation and collection of the receivables; when deemed necessary, the Committee sets aside provisions for doubtful receivables.

Interest Rate Risk

Publishing/Broadcasting: Doğan Group is subject to interest rate risk due to fluctuating interest rates, which affect those assets and liabilities that have interest rate sensitivity. The Group manages this risk by using derivative instruments and diversifying those assets and liabilities that are interest rate sensitive.

Other: The financial liabilities of other segments expose these to interest rate risk. The financial liabilities of such segments mostly consist of borrowings at floating interest rates.

Liquidity Risk

Prudent liquidity risk management consists of maintaining a sufficient amount of cash to meet short term payments, through short term deposits and securities that can be rapidly turned into cash; funding investments through sufficient credit facilities; and the ability to close market positions when necessary.

For each segment under the Group's umbrella, the risk related to the funding of current and future borrowing requirements is managed by ensuring the continuous availability of a sufficient number of high quality credit providers. Under this effort, studies are conducted to designate annual limits based on the operational expectations of the companies and banks.

Foreign Currency (Exchange) Risk

Doğan Group is subject to foreign currency risks due to changes in exchange rates as a result of conversions of foreign currency debt amounts into the functional currency. These risks are monitored and limited through foreign currency positions analyses. Scenario analyses and stress tests are also used to analyze foreign exchange positions.

The Group is mainly subject to foreign exchange risks in terms of US dollar and Euro; the impact of other currencies is negligible. The registered values in Turkish lira of the monetary assets and liabilities denominated in foreign currency as of December 31, 2016 and December 31, 2015 and before the consolidation corrections are provided in Note 34 – Financial Risk Management Objectives and Policies of the consolidated financial statements ending on December 31, 2016.

RISK MANAGEMENT

Capital Risk Management

Doğan Holding's capital risk management efforts aim to provide a return to its partners and benefit to other shareholders and decrease the cost of capital; in effect, that means maintaining the optimal capital structure ideal for the Group's business activities. The Group can issue new shares to maintain or reorganize its capital structure and sell assets to decrease its borrowing levels.

To maintain or reorganize its capital structure, the Group can change the dividend amount to be paid to partners, return capital to the shareholders, issue new shares or sell assets to cut borrowing levels.

Doğan Group monitors its capital through the ratio of net liabilities to total capital. Net liabilities are calculated by subtracting cash and cash equivalents, derivative instruments and tax liabilities from total liabilities. Total capital is calculated by adding shareholders' equity to net liabilities, as shown in the consolidated balance sheet.

Legal Risk

There are no outstanding lawsuits filed against Group companies, that could jeopardize the continuity of their operations or damage their financial structure. The legal disputes and cases related to the business activities of Group companies are monitored centrally by the staff attorneys in the Legal Affairs Department under the umbrella of Doğan Group. As such, attorneys specialized in various areas of law can offer their services to all the subsidiaries of the Group. In addition, this centralized legal structure also provides consultancy services to the Group and its subsidiaries, and coordinates the purchase of services from outside legal experts.

Information Technology Risk

The procurement, production, sales and accounting processes across Doğan Group companies are managed via applications and modules on an integrated information system (SAP). Maintaining the process of purchasing, production, sales and accounting and reports related to these transactions are also generated through this system.

Doğan Group keeps a close watch on technological developments and advances, and embraces these according to the needs of Group companies. The Group also continuously monitors the adequacy, efficiency, access, reliability and sufficiency of the services delivered through its information technologies system. Every year, Group companies identify their various IT needs, and the Group undertakes IT investments to meet these needs and requests.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART I - DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding" or "the Company") exerts maximum care to comply with the Capital Markets Law ("Law") and the Capital Markets Board ("CMB")'s Regulations and Resolutions, and embraces the concepts of fairness, transparency, accountability and responsibility, which form the essence of corporate governance.

To this end, Doğan Şirketler Grubu Holding A.Ş. has been included in the Borsa İstanbul Corporate Governance Index ("XKYUR") since November 4, 2009. The Company is given an annual corporate governance rating every year by SAHA Corporate Governance Rating Company ("SAHA") licensed by the Capital Markets Board, in line with the rating methodology outlined by the CMB. The Company's Corporate Governance Rating and Corporate Governance Compliance Reports are available on the Company's website at www.doganholding.com.tr.

The Corporate Governance Committee continues its efforts to improve the Company's corporate governance activities. As of the activity period that ended on 31.12.2016, the Company complies with all compulsory Corporate Governance Principles ("Principles") of the CMB and the Communiqué. Furthermore, utmost attention is paid to comply with the non-compulsory principles of the Law and the Communiqué. As explained in this report, we think there will not be any significant conflicts of interest in the current situation regarding the non-compulsory principles with which the Company has not yet fully complied.

Best regards,



Yağmur Şatana¹
Board Member and Deputy CEO



Yaşar Begümhan Doğan Faralyalı
Chairwoman

¹He was appointed on February 20, 2017.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART II - SHAREHOLDERS

2.1. Investor Relations Department

2.1.1. In order to ensure that the tasks stipulated in the Communiqué, the name of the "Shareholder Relations Unit" that was established on 18.03.2009, was changed to the "Investor Relations Department" with our Board of Directors decision dated 22.07.2014. The Investor Relations Department carries out its activities in conformity with CMB regulations, the Communiqué and the Articles of Association.

The Company's Investor Relations Department employs expert personnel and well-experienced professionals in the fields of investor relations, legal and financial affairs. The Investor Relations Director of the Company works under the Chief Financial Officer. The Vice President of Financial Affairs Dr. Murat Doğu is the Head of Investor Relations Department, and the Investor Relations Director Banu Çamlıtepe works full time in the Investor Relations Department. The Investor Relations Department's contact info is given below.

Full Name	Title	Telephone Number	E-mail	License Certificate Type	License No.
Dr. Murat Doğu	Financial Affairs Vice President - Head of Investor Relations	0216 556 90 00	mdogu@doganholding.com.tr	CMB Advanced License - Corporate Governance Rating Expertise	200065-700026
Banu Çamlıtepe	Investor Relations Director/Investor Relations Department	0216 556 90 00	banuc@doganholding.com.tr	CMB Advanced License - Corporate Governance Rating Expertise	203041-701087

Information about our Company, provided on the Company's Corporate Website (www.doganholding.com.tr), is regularly updated and presented for the information of the investors and shareholders both in English and in Turkish.

As per the Communiqué the Investor Relations Department must prepare and present a report to the Board of Directors at least once a year about the activities it carries out. In 2016, three presentations were made to the Board of Directors regarding share performances and investor meetings, and furthermore, Investor Relations Department's 2015 activities were presented to the Board of Directors with the report issued in March 2016.

2.2. Exercise of Shareholders' Right to Obtain Information

2.2.1. In the exercise of shareholders' rights, the Company complies with the relevant Legislation, the Articles of Association and other Company Regulations, and thus all measures are taken to ensure that these rights are exercised.

2.2.2. The Company treats all shareholders, including minority and foreign shareholders, in line with the "principle of equal transaction" as regards the exercise of shareholders' right to obtain and evaluate information.

In 2016, investors' and shareholders' information requests - apart from those that interfere with trade secrets - were answered within the framework of "equality principle" in conformity with the Capital Markets Legislation and CMB Regulations and Decisions. Within this scope, 48 analyst and investor meetings and teleconferences were organized with investment corporations' representatives. Information requests about various issues made by the shareholders via phone, email or other methods were evaluated and answered rapidly and effectively. In 2016, information was given to 128 shareholders via phone; and five emails were answered.

2.2.3. Presentations that include the developments about the Company and financial information, and all kinds of information that may have impacts on exercising investor and shareholder rights are regularly updated and announced on the Company's Corporate Website (www.doganholding.com.tr).

In 2016, neither did our Company receive any written/verbal complaints about using the shareholders' rights, nor were there any administrative/legal proceedings.

As regards the lawsuits filed by investors (seven individuals) regarding the Company's en bloc acquisition of the assets and liabilities of its subsidiary Doğan Yayın Holding A.Ş. and the ensuing merger under the umbrella of the Company, in case an important and/or extraordinary development arises in the course of these lawsuits, the necessary material disclosure will be issued via the Public Disclosure Platform (PDP) in line with the Capital Markets Legislation. The said material disclosures are available on the corporate web site of PDP (www.kap.org.tr), and/or the Company's corporate website at (www.doganholding.com.tr).

2.3. General Assembly Meetings

2.3.1. In order to facilitate the attendance of the shareholders, General Assembly meetings are held in Istanbul where the Company Headquarters is located.

2.3.2. Prior to the General Assembly meetings, the agenda items and the detailed General Assembly Information Document, which specifies the reasons behind the agenda items, and the Proxy Voting Form are presented – within the legally specified time before the meeting – for the shareholders' information and review in accordance with the Turkish Commercial Code, Capital Markets Law, CMB's relevant communiqués, regulations and decisions, and the Communiqué. All ads and notifications are made pursuant to the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB Regulations/Decisions, Borsa Istanbul and Central Registry Agency (CRA) regulations, as well as the Articles of Association.

2.3.3. The General Assembly meetings are organized in a way that will ensure the attendance of the maximum number of shareholders. General Assembly Meetings are also organized online.

2.3.4. General Assembly meetings are carried out with the simplest possible procedures, at the lowest possible cost for the shareholders and in a manner that does not create any inequality among shareholders.

2.3.5. The Company does not have any registered shares. All of our share certificates are dematerialized with the Central Registry System (CRS) as per Capital Markets Legislation, Capital Markets Law, and CRA regulations/resolutions.

2.3.6. The Company's 2015 activity results were discussed at the Ordinary General Assembly Meeting held on March 31, 2016 at the Company Headquarters. Call for the meeting was announced in conformity with the Articles of Association via Turkish Trade Registry Gazette and Public Disclosure Platform.

2.3.7. Prior to the General Assembly Meeting, no proposal regarding the agenda items or no request to add an agenda item was made.

2.3.8. The Chairman of the meeting did make the necessary preparation on the documents that were made available for the shareholders review prior to General Assembly Meetings as per the Turkish Commercial Code, Capital Markets Law and the relevant legislation.

2.3.9. At the General Assembly meetings, votes were cast through open ballot, by raising hands. Voting procedures were announced to shareholders through the General Assembly Information Document in the announcement, and at the beginning of the meeting.

2.3.10. The following documents issued regarding the Ordinary General Assembly Meeting such as; January 1, 2015 - December 31, 2015 accounting period's Balance Sheet and Profit & Loss Statements (with other tables and footnotes "Financial Report"), Board of Directors' Annual Report, Board of Directors' proposal on the profit of 2015 period, Call for the General Assembly, Independent Audit Report, General Assembly Information Document and Proxy Voting Form, and all information notes that include necessary statements/disclosures within the scope of the Communiqué, were made available – in conformity with the Capital Markets Board Regulations and Decisions, and the Articles of Association of the Company – for the shareholders review three weeks prior to the Ordinary General Assembly Meeting, and were publicly announced on the Corporate Website (www.doganholding.com.tr). Shareholders' questions received after announcing the General Assembly Meeting date, were answered by the Investor Relations Department in conformity with the Capital Markets Legislation, Capital Markets Law, and Capital Markets Board regulations/decision.

2.3.11. At the Ordinary General Assembly Meeting held on the March 31, 2016 where 2015 activities were discussed, the meeting quorum was 71.64%, and 1,874,701,821.876 shares out of 2,616,938,288 shares representing the company capital were represented.

2.3.12. Shareholders, some of the members of the Board of Directors, company employees and representatives of independent audit company attended the General Assembly Meetings. However, other stakeholders and representatives of media companies' preferred not to attend the meetings.

2.3.13. At the General Assembly meetings, agenda items were conveyed in an objective and detailed manner with a clear and comprehensible method while the shareholders are given the opportunity to state their opinions and ask questions under equal circumstances in a healthy environment for discussion.

2.3.14. As per the Communiqué, shareholders must be given information at the Ordinary General Assembly meeting about whether the shareholders who control the management of the Company, Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree engage in any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or whether the aforementioned persons engage in any transaction related to a commercial business that is within the scope of the corporation or its associate's field of activity, for their own account or for the account of others or whether they become unlimited partners in other companies carrying out similar commercial businesses. At the meeting, the issue is included in the agenda as a separate item, detailed information is provided

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

on the issue and registered in the meeting minutes. In 2015, the shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Company or its associates which may lead to conflicts of interest, or the aforementioned persons did not make any transaction, related to a commercial business that is within the scope of the corporation or its associate's field of activity, for their own account or for the account of others or they did not become unlimited partners in other companies carrying out similar commercial businesses.

2.3.15. At the Ordinary General Assembly Meeting, which held on March 31, 2016 about 2015 activities, the TL 3,556,179.50 donation made by the Company in 2015 to foundations, associations, and public entities were presented for the shareholders' information. The Company's "Donation and Aid Policy" is available on the corporate website.

2.3.16. General Assembly Meeting minutes, including the previous years, are available on the Company's corporate website (www.doganholding.com.tr).

2.4. Voting Rights and Minority Rights

2.4.1. The Company avoids practices that make it difficult to exercise voting rights; all shareholders are given the opportunity to exercise their voting rights in the easiest and most convenient manner.

2.4.2. There is no regulation in the Articles of Association about any "upper limits" to be brought to the voting rights.

2.4.3. There are no privileged shares at the Company according to the Articles of Association.

2.4.4. According to the Articles of Association, all shares have one voting right at the Company.

2.4.5. There is no Company regulation that restricts the exercise of shareholder's voting rights for a certain period of time following the acquisition date of shares.

2.4.6. The Articles of Association do not contain any provision that prevents non-shareholders from voting as proxy as representative of a shareholder.

2.4.7. Shareholders have not expressed a demand concerning the representation of minority shares in management.

2.4.8. According to the Articles of Association, when the right of usufruct and the right of disposition of a share belong to different individuals, these individuals can agree among themselves on their preferred method of representation. Otherwise, the holder of the right of usufruct is entitled to participate in the General Assembly and cast a vote.

2.4.9. Since shareholders do not have cross-shareholding relations among themselves, no such vote was cast at the General Assembly.

2.4.10. Minority rights are granted to shareholders who control one - twentieth (5%) of the Company capital.

2.4.11. Articles of Association do not provide for the cumulative voting method.

Dividend Rights

The Company reaches dividend distribution decisions and distributes dividend in line with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly. The principles of our Dividend Distribution Policy are based on the Dividend Distribution Policy as disclosed to the public.

2.4.12. In case there is net distributable profit for the period, Dividend Distribution is made within the time frame stipulated in the Capital Markets Legislation and the CMB Regulations, at the shortest time following the general assembly meeting.

2.4.13. At the Ordinary General Assembly on March 31, 2016, it was resolved that no dividend would be distributed to shareholders for the year 2015 since the dividend distribution statement issued for the accounting period January 1, 2015 - December 31, 2015 has no distributable profit for the period.

2.4.14. According to the Company's Articles of Association, the Board of Directors may decide to make advance dividend payments; provided that it is authorized by the General Assembly and that such action complies with Article 20 of the Capital Markets Law, and the Capital Markets Board's related regulations. The authority granted by the General Assembly to the Board of Directors to make advance dividend payments is limited to the year it was granted. No decision can be made for additional advance dividend payments or distribution of dividends unless advance dividends for the previous year have been fully offset.

The principles of our Dividend Distribution Policy are as follows:

The Company may take dividend distribution decisions and distribute dividend in line with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly.

Accordingly:

1- As a principle, at least 50% of the "net distributable profit for the period" calculated as per Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions is to be distributed, in consideration of the financial statements issued in compliance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions.

2- In case it is decided to distribute between 50% and 100% of the "net distributable profit" as dividend, the financial statements, financial structure, and the budget of the Company are taken into consideration when determining the dividend distribution ratio.

3- The dividend distribution proposal is disclosed to the public as per Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions, within the legal deadlines.

4- In case the "net distributable profit" calculated in line with the legal records kept within the scope of the Turkish Commercial Code and the tax laws is:

- a. lower than the amount calculated as per Article 1, the "net distributable profit" calculated as per the legal records kept within the scope of this article hereby is taken into account and is distributed in its entirety,
- b. higher than the amount calculated as per Article 1, action is taken as per Article 2.

5- In case there is no net distributable profit as per the legal records kept within the scope of the Turkish Commercial Code and tax laws; no dividend distribution can be made even if a "net distributable profit" has been calculated according to the financial statements prepared as per the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions.

6- In case the calculated "net distributable profit" is below 5% of the issued capital, it is possible that no dividend be distributed.

7- The upper limit of the aid and donations that will be made by the Company within the accounting period in compliance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and as per the principles set forth in the Articles of Association shall be determined by the General Assembly. No donations may be made in amounts exceeding the limit set forth by the General Assembly, and the donations made shall be added to the "net distributable profit" basis.

8- The dividend distribution shall start latest by the 30th day following the General Assembly meeting where the distribution decisions were taken, and in any case, as of the end of the accounting period.

9- In line with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association, and as per the resolutions of the General Assembly, the Company may distribute the dividend in cash and/or bonus shares, or may pay it in installments.

10- The Company may also pay dividends to individuals who are not shareholders, in line with resolutions by the General Assembly. In such a case, action shall be taken in compliance with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association.

11- The Company may decide to distribute and may distribute advance dividends in line with the Turkish Commercial Code; Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other relevant legislation, the Articles of Association, and General Assembly resolutions.

12- Investments requiring significant amounts of cash outflow to increase the Company value, significant issues affecting the financial structure, important economic, market or other uncertainties and problems outside the control of the Company shall be taken into account in making dividend distribution decisions.

2.4.15. The Company's "Dividend Distribution Policy" is included in the annual report and also made public via the corporate web site (www.doganholding.com.tr).

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

2.5. Transfer of Shares

2.5.1. The Company's Articles of Association do not contain any provisions limiting the transfer of shares.

As indicated in the Articles of Association, share transfers are performed in line with Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, other CMB regulations, CRA rules, and other regulations on the dematerialization of shares.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and its Contents

3.1.1. The Company's corporate website (www.doganholding.com.tr) is actively used for public disclosures, as stipulated in the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, and CMB regulations/resolutions.

3.1.2. An English version of the information that takes part in corporate website (www.doganholding.com.tr) is also available for the convenience of foreign investors.

3.1.3. The issues stipulated in the Principles are available on the corporate website (www.doganholding.com.tr) as well as the Corporate Governance Principles Compliance Report and Corporate Governance Rating Report.

3.2. Annual Report

3.2.1. The 2015 Annual Report and 2016 Interim Reports, are prepared in accordance with the provisions of the Turkish Commercial Code, Ministry of Customs and Trade's "Regulation on Determining the Minimum Content of the Annual Reports of the Companies" and CMB's Communiqué (II-14.1) on "Principles Regarding Financial Reporting in the Capital Markets" and the Communiqué.

SECTION IV - STAKEHOLDERS

Since the Company is a holding company, it is not directly engaged in operational activities (such as production or service). Thus, the shareholders and investors are its most important stakeholders. Employees are the other important stakeholders of our Company. Customers that purchase products and services from and suppliers that provide products and services to our associate companies in the sectors where they carry out activities, are indirectly (if not directly) the other important stakeholders of our Company. Our Company actively participates in and provides support for the projects of the non-governmental organizations relevant with the sectors it carries out activities. Operational policies are performed in coordination with Group companies.

4.1. Informing Stakeholders

4.1.1. As explained in detail in the first part of this report, information is provided to all stakeholders via tools determined in conformity with the Capital Markets Legislation, Capital Markets Law, CMB Regulations/Decisions and the Company's Information Policy. Shareholders and stakeholders may contact individuals authorized under the Disclosure Policy. Other employees are not authorized to respond to inquiries and requests coming from outside the Company.

4.1.2. Stakeholders can have access to information about the Company via meetings, presentations and the corporate website (www.doganholding.com.tr) in conformity with the Capital Markets Legislation and the Company's Information Policy.

4.1.3. The Company also has an "Intranet site" that is dedicated to the communication and notification of employees.

4.2. Stakeholder Participation in Management

4.2.1. The Company is in ongoing communication with its stakeholders. All feedback received by the Company from its stakeholders is evaluated and solution proposals are developed in contact with the units concerned. In case any employee transactions violate legislation or ethical principles, the stakeholders can contact the Company via various means of communication.

4.2.2. The Articles of Association do not include a provision for stakeholder participation in the Company's management.

4.2.3. Employees are kept apprised of the general activities of the Company, and their suggestions are evaluated via the Intranet site.

4.3. Human Resources Policy

4.3.1. According to "Human Rights Policy" on the corporate website (www.doganholding.com.tr), Doğan Holding does its utmost to provide a peaceful working environment where individual employees are protected against any discrimination on the basis of race, nationality, religion, gender and belief, and where employee rights are respected. Furthermore, a key component of the Group's human resources policy is to give employees the chance to further their personal and professional development, and adapt themselves to innovation and change.

4.3.2. The Company's "Human Resources Policy" is available on the corporate website (www.doganholding.com.tr).

Human Resources practices within the framework of the common values and strategies of Doğan Holding and its group companies, are grouped under four main areas:

- Recruitment and orientation
- Training and development
- Performance and career management
- Remuneration system

In human resources management, the Company aims to establish and manage systems which will create a convenient work environment for the personal and professional development of employees, to create the right climate for lifelong learning, to measure and evaluate performance according to objective criteria and to assess individual differences in an accurate fashion. To this end, the Company rewards high performance and supports the development of those who perform worse than expected.

The Company's main principle is to recruit qualified employees within the structure, to implement competitive award management with the aim of increasing their loyalty, and thus to award its employees' contribution and success. If the employees show exclusive success and/or do work that exceeds the performance and responsibility they are expected to fulfill, the Company believes that they should be appreciated and awarded; and that such awards would make employees show higher effort above the standards and would encourage them to score significant success.

4.3.3. The Company does not discriminate among its employees and treats all employees equally. Neither the Company management nor the Board Committees have received any complaints in this regard. Relations with employees conducted by Vice Presidency of Human Resources. There are no unionized employees at the Company.

4.3.4. Our Company's "Occupational Health and Safety Policy" is available on the corporate website (www.doganholding.com.tr).

4.3.5. According to "Compensation Policy" on corporate website (www.doganholding.com.tr); as per the Turkish Labor Law, our Company is responsible to provide employment termination benefit to employees - provided that they have completed one year of service in the Group - who are: dismissed for no reason, called for military duty, deceased or who retire after 25 years of service (20 years for women), and who reach the retirement age (58 for women; 60 for men). The amount that will be paid is equal to one-month salary at most for each year of service provided that it is limited with the employment termination benefit's upper limit that was: determined with the Public Servants Arbitration Board decision n.2012/1, and announced within the framework of the coefficients stipulated by the Ministry of Finance.

4.4. Code of Ethics and Social Responsibility

4.4.1. The Company's "Code of Ethics and Conduct" was publicly announced on the corporate website (www.doganholding.com.tr). The "Code of Ethics" is continuously revised and improved as it is updated in accordance with the circumstances of the day.

4.4.2. The "Anti-Bribery and Anti-Corruption Policy" of the Company is available on the corporate website (www.doganholding.com.tr).

4.4.3. As a result of its corporate structure and employees with highly developed social awareness, the Company undertakes social responsibility projects utilizing the common synergy of the companies within its corporate structure. During the management of its own business and the business of its subsidiaries, the Company makes sure to fulfill its responsibilities as regards the prevention of environmental pollution and the preservation of natural resources. "Social Responsibility Policy" of the Company is available on the corporate website (www.doganholding.com.tr).

Together with the companies under its umbrella, the Company produces and supports projects that highlight social issues and contribute to social development of the community, with a special emphasis on educational projects.

4.4.4. The "Publishing/Broadcasting Principles" are separately specified for our lines of business in publishing, and broadcasting. Furthermore, these principles are available on the corporate website (www.doganholding.com.tr).

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4.5. Sustainability Index

4.5.1. "Environmental Policy" of the Company is available on the corporate website (www.doganholding.com.tr).

4.5.2. The Company was included into BIST Sustainability Index in 2016. Within the scope of determining the companies that will be included in the "BIST Sustainability Index" between November 2017- October 2018, a decision was taken and announced by Borsa İstanbul on January 05, 2017 to add Doğan Holding to the category of companies subject to assessment.

SECTION V - BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

5.1.1. The Board of Directors is made up of nine members, of whom five are non-executive, one executive and three are independent. The Company complies with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions in the formation and election of the Board of Directors. The guidelines on this issue are provided by the Articles of Association. Accordingly, the Company is managed and represented by a Board of Directors with at least six and at most 12 members elected by the General Assembly.

5.1.2. A certain number or ratio of the Board Members is required to be independent members, as defined by the Capital Markets Board. The determination, nomination, number and qualifications, selection, dismissal and/or resignation of the Independent Board Members are carried out in compliance with Capital Markets Law, CMB regulations and resolutions, and other relevant legislation.

5.1.3. The full names and resumes of the Board Members are as follows:

Member	Duty	Notes
Yaşar Begümhan Doğan Faralyalı	Chairwoman	Non-executive
Hanzade Vasfiye Doğan Boyner	Vice Chairwoman	Non-executive
Arzuhan Yalçındağ	Member	Non-executive
Vuslat Sabancı	Member	Non-executive
Yağmur Şatana ¹	Member	Member/Deputy CEO/Executive
İmre Barmanbek	Member	Non-executive
Tayfun Bayazıt	Member	Independent member
Ahmet Vural Akışık	Member	Independent member
Hacı Ahmet Kılıçoğlu	Member	Independent member

Résumés of the Members of the Board of Directors are also available on the corporate website (www.doganholding.com.tr).

5.1.4. The members are limited to a three-year term in office and after the three years members can be reappointed for the next period. Board Members were elected at the Ordinary General Assembly dated March 31, 2016 to serve until the Ordinary General Assembly when the accounts and activities of the year 2016 will be discussed.

5.1.5. There are three independent members on the Board of Directors. In line with CMB's regulations and resolutions, independent members constitute one-third of the Board. The Chairperson of the Board of Directors and President of the Executive Committee (Vice President) are not the same individual. More than half of the Board Members are non-executive.

5.1.6. Statements of independence of three candidate Independent Board Members were evaluated by the Board of Directors and subsequently disclosed to the public on March 9, 2016 and March 31, 2016. The Company asks for written statements from the Independent Board Members to prove that they satisfy the 'independence' criteria. As of the date of this report, there exists no circumstance that would compromise the independent status of the Company's Independent Board Members. The statements of independence of Independent Board Members are presented below:

¹ He was appointed on February 20, 2017.

**STATEMENT OF INDEPENDENCE****DATE:** 07.03.2016**TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,**

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Best regards,

Respectfully,

Tayfun Bayazıt**STATEMENT OF INDEPENDENCE****DATE:** 07.03.2016**TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,**

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Best regards,

Respectfully,

Ahmet Vural Akışık**STATEMENT OF INDEPENDENCE****DATE:** 31.03.2016**TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,**

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Best regards,

Respectfully,

Hacı Ahmet Kılıçoğlu

(Name-Surname, Signature)

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5.1.7. According to our Articles of Association the members of the Board of Directors may assume duties in the board of directors of the associates, subsidiaries, and joint ventures in order to protect, oversee, monitor, guide and audit the interests of the Company and shareholders. Moreover, the members of the Board of Directors may assume tasks and duties in associations working for public interest, in foundations, in institutions and organizations working for public interest or making scientific research, development activities, and universities, and in educational institutions and etc. Other duties can be assumed with the approval of the Board of Directors and within the scope of the principles the Board will accept. Our implementations in this field are reviewed consistently in line with the current conditions.

The duties of the members of the Board of Directors, outside the Company are given below:

Full Name	Duties outside the Corporation
Yaşar Begümhan Doğan Faralyalı	Chairwoman of various Group companies
Hanzade Vasfiye Doğan Boyner	Honorary Chairwoman and Vice Chairwoman of various Group companies
Arzuhan Yalçındağ	Chairwoman of various Group companies
Vuslat Sabancı	Chairwoman of various Group companies
Yağmur Şatana ¹	Board Member of various Group companies
İmre Barmanbek	Vice Chairwoman of various Group companies
Tayfun Bayazıt	Founder and owner of Bayazıt Yönetim Danışmanlık Ltd; Board Member of various non-group companies
Dr. Ahmet Vural Akışık	None
Hacı Ahmet Kılıçoğlu	Independent Board Member of various Group companies; Board Member of various non-group companies

5.1.8. The Board of Directors is composed of nine members and has five female members. Our Company complies with the non-compulsory principle of the Communiqué "At least 25% of the members of the Board of Directors must be female members."

5.2. Principles of the Activities of the Board of Directors

5.2.1. The Board of Directors is structured at the ultimate level that will provide effectiveness. In this aspect, utmost attention is paid to complying with the Capital Markets Law, CMB Regulations, Communiqués and Decisions. Principles regarding the issue were determined with our Company's Articles of Association.

a) The members of the Board of Directors must be elected from among the persons who have the fundamental knowledge about the legal principles that regulate the transactions and operations regarding the Company's field of activity, are well-informed and experienced about company management, are competent in analyzing financial statements and reports, preferably have had higher education.

b) The Board of Directors is obligated to carry out the task and duties granted by the legislation in effect and the Articles of Association herein. All tasks and transactions that do not require a General Assembly decision according to the regulations of the laws and the Articles of Association herein are carried out by the Board of Directors.

The Board of Directors carries out its duties and uses its powers in line with the Turkish Commercial Code, Capital Markets Law, Capital Markets Board regulations and decisions, Articles of Association and the provisions of legislation in effect.

Bodies and persons assigning (transferring) - in conformity with the law - a duty or a power arising from the Law or the Articles of Association, to other persons, will not be responsible for the acts and decisions of these persons unless it is proven that these bodies and persons have paid insufficient attention in selecting these persons.

While carrying out the duties and responsibilities granted by the laws and the Articles of Association, the Board of Directors without setting aside its responsibility may partially assign these duties and responsibilities to the committees within the company by clearly specifying their functions.

¹ He was appointed on February 20, 2017.

c) The Board of Directors represents the Company. Upon the decision taken by the Board of Directors, the power to represent the Company can be assigned to one of the members of the board of directors or to one or more executive members or to third parties who are managers. At least one Board Member must be authorized to represent the Company. Unless a notarized copy of the decision, indicating the persons entitled to represent the Company and the method of representing, is registered and published in the trade registry, the transfer of the authority will not be valid. Limitation of the power to represent, does not set forth any terms and conditions for bona fide third parties; however, the registered and announced restrictions on using the power to represent the company from a single center or branch or altogether, are applicable. 371st, 374th and 375th Articles of the Turkish Commercial Code are reserved. In order to ensure that all documents that will be provided and agreements that will be made by the Company are valid, they must have the signatures of the persons authorized to represent the Company, under the Company's trade name.

d) According to the Articles of Association of the Company; within the scope of the provisions of the Internal Directive that will be prepared as specified in the 367th Article of the Turkish Commercial Code and in the Articles of Association, the Board of Directors is entitled to partially or entirely assign (transfer) the management to one or more members of the board of directors, to the third parties, and to the Boards or Committees it will establish; without prejudice to the provisions of the 375th Article of the Turkish Commercial Code and the Capital Markets legislation and other legislations.

The Board of Directors may also assign tasks by determining the executive members who will assume a part of its powers and specific Company operations, and monitor the implementations of the Board's decisions. In such case, the scope of the responsibilities of each executive Board Member, will be specified by the Board of Directors. The executive members, assume all powers and responsibilities within the scope covering the tasks and duties assigned to them. As a rule, the other members of the board of directors will not be responsible for transactions within this scope; without prejudice to the duties and powers within the scope of the non-negotiable powers that are only assumed by the board of directors. More than half of the members of the Board of Directors cannot assume executive tasks or duties, and this issue is taken into consideration particularly in specifying the tasks and duties of the members.

5.2.2. All information is promptly provided to the members of the Board of Directors in order to ensure that they fulfill their duties.

5.2.3. In 2016, 28 (2015: 35) Board of Directors meetings/decisions were made/taken.

5.2.4. A Secretariat is present under the Chairmanship of the Board of Directors in order to regularly file the documents about the Board of Directors meetings with the aim of providing service for all members of the Board of Directors.

5.2.5. Our Board of Directors meetings are planned and held effectively and efficiently. As specified in our Company's Articles of Association:

a) The Board of Directors convenes with regularity that will help the Board effectively carry out its tasks and duties.

b) As a rule, the Board of Directors convenes upon the call made by the Chairman or the Vice Chairman. All members of the Board of Directors may make a written request from the Chairman or the Vice Chairman (if the Chairman is not present), to make a call for the Board of Directors meeting.

c) Information and documents about the issues on the Board of Directors meeting agenda are presented to the members of the board of directors within a reasonable period of time in prior to the meeting ensuring equal flow of information. However, with a Board of Directors decision, it is legally possible to make meetings in another location of the city of the headquarters or in another city.

d) In principle, members of the Board of Directors are to attend the meetings in person; while it is possible to attend the meetings via any type technological method enabling remote access. The opinions, submitted in writing, of the members who are not able to attend the meeting, will be presented for the information of the other members.

e) All Board resolutions are recorded in the meeting minutes and signed by the participants of the meetings. The Board members who cast negative votes must sign the meeting minutes with their justifications for their negative votes. Board resolutions, meeting minutes, related documents and correspondence are kept and regularly archived by the Board of Directors Secretariat. In cases where the affirmative votes of the independent Board members are required, if they cast negative votes, the measures required by the Capital Markets Board and Capital Markets Legislation are implemented.

f) The Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the members present at the meeting. In case of equality of the votes, the issue voted is added on the agenda of the next meeting; and is considered rejected if the votes are equal in that meeting, too. Each Board member has only one right to vote regardless of his/her position and duty.

g) It is legally possible to take a decision on the proposal given by one of the members, with the written consents of the other members in compliance with the relevant provisions of the Turkish Commercial Code.

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h) Persons entitled to attend the Company's Board of Directors meeting, may also attend these meetings on electronic platforms in conformity with the 1527th Article of the Turkish Commercial Code. In conformity with the provisions of the Communiqué on the "Boards to be held on Electronic Platforms other than the General Assemblies of the Joint Stock Companies" the Company can install the Electronic Meeting System that will enable the entitled persons to participate and cast votes in these meetings on electronic platforms or purchase such systems developed for this purpose. In the meetings to be held, it is ensured that the entitled persons are able to use, within the framework of the provisions of the Communiqué, their rights stipulated in the relevant legislation, on the system installed in line with this Article of the Articles of Association of the Company or on the system with support services to be purchased.

5.2.6. In 2016, all Board of Directors decisions were taken with the unanimous votes of the members who attended the meetings. There were no decisions where members casted negative votes.

5.2.7. Losses incurred in the company by the members of the Board of Directors as a result of their faults during their term of office, are insured by our Company between August 2015 and August 2016. Members of the Board of Directors and the Executives in our Company and our subsidiaries and joint ventures are covered in the insurance policy, and the value covered in the policy is EUR 75 million. The policy was not revised after August 2016.

5.3. Number, Structure and Independence of Board Committees

5.3.1. In line with legal regulations, as well as the position and requirements of the Company, four committees were formed to ensure that the Board of Directors successfully exercises its duties and responsibilities. These committees are the Executive Committee, the Audit Committee, the Corporate Governance Committee, and the Early Risk Detection Committee.

5.3.2. Charters regarding the functioning of the committees are stated in the Articles of Association.

5.3.3. Also the Audit Committee, Corporate Governance Committee and the Early Risk Detection Committee each have a written charter approved by the Board of Directors and publicly posted through the Company's website (www.doganholding.com.tr). This charter was created carefully and in due consideration of the Capital Markets Legislation, CMB regulations, Communiques and Resolutions, Articles of Association and international practices abroad. The committees' charters are reviewed according to legislative changes and changing circumstances. The committees, except the Early Risk Detection Committee, convene at least every three months. The Early Risk Detection Committee convenes at least six times in a year.

5.3.4. Information on the members of the Executive Committee is presented below. Executive Committee members were elected to serve until the Ordinary General Assembly concerning the accounting period for 2016.

Full Name	Title	Other Duties in the Corporation	Duties in Other Committees
Yağmur Şatana ¹	Deputy CEO	Board Member	None
Ahmet Toksoy	Member	CFO	None
Erem Turgut Yücel	Member	Chief Legal Officer	Early Risk Detection Committee Member

5.3.5. The Board of Directors elected Tayfun Bayazıt as the President and Hacı Ahmet Kılıçoğlu as the Member of the Audit Committee, to serve until the Ordinary General Assembly concerning the accounting period for January 1, 2016-December 31, 2016.

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazıt	President	Independent Board Member (Non-executive)	Independent	President of Corporate Governance Committee and Early Risk Detection Committee
Hacı Ahmet Kılıçoğlu	Member	Independent Board Member (Non-executive)	Independent	None

¹ He was appointed on February 20, 2017.

5.3.6. The members of the Audit Committee are individuals who have the qualifications required by their duties. They were elected among Independent Board Members, who are neither executive members nor executive directors.

5.3.7. The Audit Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's Regulations, Communiques and Resolutions. Within this framework, in 2016:

- Annual/interim financial statements, footnotes and independent audit reports of the Company were reviewed before publicly disclosed and meetings were made with the independent audit company;
- The Independent Audit Agreement was reviewed, and an advisory decision was taken about selecting an Independent Audit Company,
- Results of the internal audit activities and measures taken were reviewed.

5.3.8. Corporate Governance Committee Members elected to carry out tasks until the first Board of Directors meeting that will be held after the Ordinary General Assembly Meeting where the results of the 2016 activities will be discussed are listed below with their duties:

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazıt	President	Independent Board Member (Non-executive)	Independent	President of Audit Committee and Early Risk Detection Committee
İmre Barmanbek	Member	Board Member (Non-executive)	Dependent	None
Dr. Murat Doğu	Member	Financial Affairs Vice President and Head of Investor Relations	Dependent	None
Banu Çamlıtepe	Member	Investor Relations Director	Dependent	None

5.3.9. The Corporate Governance Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's Regulations, Communiques and Resolutions. Within this framework, in 2016:

- The Corporate Governance Committee reviewed the annual report and corporate governance compliance reports of the Company before they were publicly reported.
- The process of getting a corporate governance rating, was coordinated.
- Tasks were carried out regarding the activities of the Investor Relations Department.
- The improvement of the corporate website (www.doganholding.com.tr) was supervised while monitoring if it is kept up to date or not.
- Developments outside the country and the relevant legislations regarding corporate governance were followed while ensuring that necessary measures were taken regarding compliance issues.

5.3.10. The rating company SAHA, that has an activity license to perform rating in Turkey in conformity with the Capital Markets Board's Corporate Governance Principles, updated the rating score and increased it to 9.40 (93.98%) out of 10. This issue was publicly disclosed via Public Disclosure Platform on November 7, 2016. Corporate governance ratings are available on our Company's corporate website (www.doganholding.com.tr).

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5.3.11. The Early Risk Detection Committee, previously established in conformity with the Turkish Commercial Code after the Company's Board of Directors decision n.2013/6 taken on March 18, 2013 in accordance with the amendment made to the CMB Communiqué, n.56 with Series: IV (which was valid in 2013, but annulled at the beginning of 2014), was restructured. The information about the members of the Early Risk Detection Committee is below:

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazit	President	Independent Board Member (Non-Executive)	Independent	President of Audit Committee and Corporate Governance Committee
Erem Turgut Yücel	Member	Executive Board Member and Chief Legal Counsel	Dependent	None
Tolga Babalı	Member	Financial Affairs Vice President	Dependent	None
Tahir Ersoy	Member	Director of Tax Management	Dependent	None

The committees convene as frequently as is required by their activities, upon the invitation of the Committee President.

The Early Risk Detection Committee, which convened six times in 2016 (2015: 6), evaluates the risks that may affect the Company and its subsidiaries.

5.3.12. The Committees of the Company operate within the context of their authorities and responsibilities and submit proposals to the Board of Directors. However, the final decisions are made by the Board of Directors.

5.3.13. Members except Tayfun Bayazit, Independent Board Member, don't assume duties in more than one committee.

5.4. Risk Management and Internal Control Mechanism

5.4.1. The effectiveness of the Risk Management and Internal Control systems is ensured by the Committees that are established in conformity with the Articles of Association and the Turkish Commercial Code, the Capital Markets Law and Capital Markets Regulations.

Financial, operational and compliance risks are identified and measured within the framework of Corporate Risk Management. The processes of detecting, identifying, and monitoring the risks that the Company and its subsidiaries may face are carried out under the supervision of: the Executive Committee, Early Risk Detection Committee, Chief Financial Officer, relevant Vice Presidents in charge of Finance and Vice President of Finance and Portfolio Management. In addition, the process of detecting and managing the risks specific to the sectors the subsidiaries carry out activities under the supervision of the Company, in coordination with the subsidiaries' Executive Committees, Early Risk Detection Committees (if any) and/or managers. Regular meetings are held during the year with the managers of the subsidiaries.

Furthermore, the Audit Committee monitors the results of the Internal Audit studies performed within the scope of Internal Audit activities as well as the measures taken. Internal audit and internal control activities within the Holding, is coordinated by the Audit Committee and carried out under the supervision of the Chairman of the Board of Directors.

5.5. Strategic Goals of the Company

5.5.1. Our vision is to undertake effective and sustainable investments that will contribute to transparency in society and to the general welfare and stability in the economy, through relevant service, commercial and industrial platforms. Our mission is to monitor, innovate and implement state-of-the-art commercial and technological products and applications in final consumer industries in Turkey and other prospective markets abroad; and develop and maintain the necessary corporate assets and capabilities to ensure proper execution of these objectives.

5.5.2. Our vision and mission is publicly announced via our Company's corporate website (www.doganholding.com.tr).

5.5.3. The strategic goals determined by the managers of the Company in accordance with the plans of the Company are presented for the approval of the Board of Directors.

5.5.4. The performance of the Company and its subsidiaries is monitored in the Executive Committee meetings held every week and necessary measures are taken.

5.5.5. The Board of Directors and senior management of the Company continuously monitor the status of the Company and its subsidiaries against its strategic goals. Through regular and frequent management meetings, the Company's position is evaluated and new goals and strategies are formulated.

5.6. Remuneration of Board Members

5.6.1. According to the Articles of Association of our Company, decisions regarding the payments made to the members of the Board of Directors such as per diem, salaries, dividends, bonuses and premiums are taken by the General Assembly. The financial rights of the members of the Board of Directors may vary depending on their tasks, duties, powers and responsibilities in the Board of Directors.

The financial benefits of the independent Board Members are determined according to Capital Markets Legislation, CMB's regulations, communiques and resolutions and other relevant legislation.

The Board of Directors decides whether or not any payments will be made to committee chairmen and members for their tasks and duties in the committees and determines the amounts and terms and conditions in case of any payments are made.

In conformity with the CMB Regulations and Decisions, the "Remuneration Policy" of our Board of Directors was created; was submitted for the information of the shareholders at the General Assembly; and was publicly disclosed. The Company's Remuneration Policy is accessible on the Corporate Website (www.doganholding.com.tr).

5.6.2. At the Ordinary General Assembly meeting held to discuss the 2015 activities; it was decided by majority vote that the independent members of the Board of Directors are paid a net amount of TL 10,000 per month and other members of the Board of Directors are paid a net amount of TL 7,000. Apart from this, there is no performance based salary paid to the non-executive members of the Board of Directors.

5.6.3. Doğan Holding's key management personnel are the members of the Board of Directors, Board of Directors Consultant, Chairman and Vice Chairmen, Chief Legal Officer, Directors, et al. Benefits received by the key management personnel, such as salaries, premiums, health insurance, communication and transport, are specified below:

TL thousand	2016	2015
Salaries and other short term benefits	17,742	23,529
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	17,742	23,529

5.6.4. The Company did not lend money, extend credit, or extend credit such as personal loans by means of third parties or did not give surety to any of the Members of the Board of Directors or executive managers.

6. THE COMPANY'S CURRENT STATUS IN THE ISSUE OF COMPLYING WITH THE CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Committee continues its activities to improve the Corporate Governance practices. As of the activity period that ended on 31.12.2015, the Company complies with all compulsory Corporate Governance Principles ("Principles") of the Capital Markets Law and the Communiqué. Utmost attention is paid to comply with the non-compulsory Principles of the Law and Communiqué. As explained in this Report, we think there will not be any significant conflict of interests in the current situation regarding the non-compulsory Principles with which the Company has not yet fully complied.

Our Company considers the fact that we partially or completely are not complying with the non-compulsory Principles n.1.2.1., n.1.5.2., n.3.2.1., n.3.2.2., n.3.3.3., n.3.3.4., n.3.3.5., n.4.2.8., n.4.5.5. and n.4.6.5. of the Corporate Governance Principles. However, we think there will not be any significant conflicts of interest in the current situation regarding this issue. Principles n.3.2.1., n.3.2.2., n.3.3.3., n.3.3.4., and n.3.3.5 are mainly about the fields that are considered under the topics supporting the stakeholders' participation in company management (employees) and company's human resources policy. Thus, enhancement will be continued in these fields in 2017. Regarding Principle n.4.2.8.: existing insurance limits can be revised considering the fact that the Company capital is high. Regarding Principle n.4.5.5: enhancement will be made within the scope of our means considering the fact that there is quite a number of committees that must be established as per the Turkish Commercial Code, Capital Markets Law and Communiqué. Regarding Principle n.4.6.5.: as of the current situation, the financial rights of the Company's executive managers are considered as trade secrets within the scope of competitive power.

OTHER OBLIGATORY DISCLOSURES

A. GENERAL INFORMATION

Accounting period for the report:

This activity report covers the period from January 1, 2016 to December 31, 2016.

Company's trade name, trade registry number, contact details of headquarters and branches, and website:

Trade Name	Doğan Şirketler Grubu Holding A.Ş.
Date of Establishment	September 22, 1980
Trade Registry Number	175444
Central Trade Registry System (MERSIS) No.	0306005092400010
Tax Office	Büyük Mükellefler Vergi Dairesi
Tax No	3060050924
Paid-In Capital	TL 2,616,938,288
Registered Capital Ceiling	TL 4,000,000,000
Stock Exchange	Borsa İstanbul A.Ş.
Ticker	DOHOL
Public Offering Date	June 21, 1993
Address	Burhaniye Mahallesi, Kısıklı Caddesi, No: 65, 34676 Üsküdar/İstanbul
Website	www.doganholding.com.tr
E-mail	ir@doganholding.com.tr
Tel	0216 556 9000
Fax	0216 556 9200

Explanations about privileged shares and shareholders' right to vote, if any:

There are no privileged shares in Doğan Holding.

Personnel movements, their rights and benefits:

As of December 31, 2016, the number of personnel employed at the Company is 133 (December 31, 2015: 157).

Doğan Holding determines and regularly revises its remuneration policy based on the performance evaluation system results and current market trends. Doğan Holding has adopted the principle of "equal pay for equal work" in its approach. The Holding applies a remuneration policy based not on the individual but the job definition across all Group companies. The annual salary raises of employees are reflected in their wages with the approval of Doğan Holding Chief Executive Officer at the dates that the employer deems convenient. All employees benefit from benefit packages that depend on their work level. Our remuneration policy is accessible on the corporate website (www.doganholding.com.tr).

Each year, the General Assembly of the Company decides on the remuneration, rights and benefits of the Board Members. In addition to the attendance fee received by all Board Members, members holding executive positions may also be paid a monthly salary and benefits for their duties in the Company. In addition, senior managers and other personnel who have a say in management can be entitled to additional premiums or awards in line with their performance. Note 33 to the consolidated financial statements for the accounting period ending on December 31, 2016 provides information on the payments made to the key management personnel.

Company executives' transactions with the Company on their own behalf or on behalf of third parties, or their activities falling under a non-compete clause within the scope of the permission by the General Assembly:

Except for those transactions banned by the Turkish Commercial Code, Board Members receive the permission of the General Assembly to conduct the transactions outlined in the Turkish Commercial Code's Articles 395 and 396. According to the information available on Doğan Holding, Board Members did not conduct any commercial activities on their own behalf or on behalf of third parties in the Company's business line in the period 01.01.2016-31.12.2016.

Amendments to the Articles of Association within the period and their reasons:

No amendments were made to the Articles of Association in the accounting period 01.01.2016-31.12.2016.

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

B. REMUNERATION OF THE MEMBERS OF MANAGERIAL BODIES AND OF SENIOR MANAGERS**Remuneration of the members of managerial bodies and of senior managers:**

Doğan Holding's key management personnel are defined as the Board Members, Consultant, Chairman and Vice Chairmen of the Board of Directors, Chief Legal Officer, Directors, et al. Benefits offered to key management personnel, such as salaries, premiums, health insurance, communication and transport, are provided in Note 33 – Related Party Disclosures in the financial statements for the accounting period 01.01.2016-31.12.2016.

C. COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

Doğan Holding had no R&D activities or expenditure for the accounting period 01.01.2016-31.12.2016.

D. COMPANY'S ACTIVITIES AND SIGNIFICANT DEVELOPMENTS CONCERNING THE COMPANY'S ACTIVITIES**Company's area of activity and sectors where it operates:**

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

Information on the Company's investments made in the accounting period:

In the accounting period 01.01.2016-31.12.2016, the sum of Doğan Holding's tangible and intangible assets and investment properties was TL 843,249 thousand (2015: TL 460,784 thousand).

Information regarding the Company's internal control system and internal audit activities, and the Board of Directors' assessments on this issue:

Utmost attention is paid at Doğan Holding in order to ensure that the internal audit and internal control mechanisms work effectively; thus, the internal audit unit reports directly to the Chairperson of the Board of Directors. Internal audit and internal control activities within the Holding are coordinated by the Audit Committee and carried out under the supervision of the Chairperson of the Board of Directors.

Company's stakes in direct or indirect subsidiaries:

The Company has direct or indirect subsidiaries. The information about these and the Company's stakes in these are presented in the footnotes to the consolidated financial statements for the period from January 1, 2016 to December 31, 2016. This information is available on Doğan Holding's corporate website (www.doganholding.com.tr) and the Public Disclosure Platform (www.kap.org.tr).

Information about the Company's acquisition of its own shares:

With the decision dated 1 December 2016, the Board of Directors of the Group has authorized Company management for the repurchasing of Company shares by taking into consideration the announcements made by the CMB on 21 July 2016 and 25 July 2016, taking into account the fourth, fifth and sixth paragraphs of the fifth article of the CMB's Repurchase Share Notifications (II-22.1) and the eighth sentence of the twelfth article and the CMB's announcements. In this context, it has been decided that the maximum amount of fund allocated for redemption shall be TL 5,200,000 and the maximum number of shares to be repurchased will not exceed this amount.

In this context, 3,200,000 number of Company shares were purchased by the Company, TL 0.65 per share, from Borsa Istanbul.

Information regarding any private audit and public audit during the accounting period:

Within the January 1, 2016 - December 31, 2016 accounting period, Doğan Holding was not subject to any private audit or public audit.

OTHER OBLIGATORY DISCLOSURES

Lawsuits against the Company, which could affect its financial situation and activities, and their possible outcomes:

Litigation against the Company and the reserves set aside for possible litigation damages, categorized according to the types of lawsuits, are provided for in Note 17 of the consolidated financial statements for the accounting period ending on December 31, 2016, under the title – Provisions, Contingent Assets and Liabilities/(a) Lawsuits. As of December 31, 2016, litigation against the Group amounted to TL 85,208 thousand (December 31, 2015: TL 75,966 thousand).

Administrative or legal sanctions imposed on the Company, or its executives due to actions in violation of law:

During the period, no administrative or legal sanction was imposed upon the Company or its executives due to actions in violation of law.

Attainment of targets set in previous periods, implementation of General Assembly resolutions, and any reasons for failure to attain targets or implement resolutions, and assessments:

Within the January 1, 2016 - December 31, 2016 accounting period, our Company implemented all General Assembly resolutions.

If an Extraordinary General Assembly was held during the year, information on the assembly inclusive of the date of the meeting, decisions reached at the meeting, and any action duly taken:

During the accounting period 01.01.2016-31.12.2016, no Extraordinary General Assembly was held.

Information regarding the aid and donations made by the Company within the year, and spending on social responsibility projects during the year:

In the accounting period 01.01.2016-31.12.2016, the Company made such expenditures totaling TL 1,814 thousand:

Aid and Donations (TL)	
Education	1,466,222.50
Environment and Other	348,097.50
Total	1,814,320.00

If the Company is a subsidiary in the Group companies, legal transactions that were made with the parent company, with the associate company of the parent company, upon the instruction of the parent company for the benefit of the parent company or its subsidiary; and all other measures that were taken or that were avoided for the benefit of the parent company or its subsidiary in the previous operating year:

In the reporting period, the Company carried out no legal action in favor of the parent company or any subsidiary thereof, with instructions by the parent company. The Company did not take or avoid taking any measures, or carry out any transaction which needs to be redressed in favor of the parent company or its subsidiaries.

If the Company is a subsidiary in the Group companies, in case the legal transaction mentioned above is made or in case the measure is taken or avoided, whether or not appropriate consideration is obtained for each of the legal transactions and, whether or not the measure that was taken or that was avoided inflicted any losses on the Company; and, if it did, whether this loss was compensated or not according to the circumstances within their knowledge:

Since the Company did not take any action falling under the scope of the previous paragraph, there are no damages to be redressed.

Information regarding the Ordinary General Assembly meeting:

2015 activity results of the Company were discussed at the Ordinary General Assembly Meeting on March 31, 2016 at the Company Headquarters. The meeting quorum was 71.64% at the Ordinary General Assembly Meeting held on March 31, 2016 while 1,874,701,821.876 shares were represented out of 2,616,938,288 shares representing the Company capital. The call for the meeting was announced in conformity with the Articles of Association via the Turkish Trade Registry Gazette and Public Disclosure Platform. In order to facilitate the participation of the shareholders, General Assembly Meetings are organized in İstanbul where the Company Headquarters is located.

In the call and announcement regarding the General Assembly meeting our Company complies with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, Capital Markets Board Regulations/Decisions, and the Articles of Association. Prior to General Assembly meetings, the "Proxy Voting Form", and the detailed "General Assembly Information Document" specifying the agenda items and the reasons adding these items on the agenda of the General Assembly, were presented, within the legal timeframe before the meeting, for the shareholders' information and review in conformity with the Turkish Commercial Code and Communiqué. With the amendment made to the Articles of Association, the aim was to comply with the Turkish Commercial Code's regulations, and thus the General Assembly was organized in the electronic environment. General Assembly meetings are organized in a manner that will not create any inequality among the shareholders, at the lowest cost possible for the shareholders, and in the least complicated procedures. General Assembly meeting minutes, including previous years, are available on the Company's corporate website at the web address of www.doganholding.com.tr.

Subsequent Events:

Subsequent events are available in the accounting period's financial statements' footnotes, Note 37.

E. FINANCIAL SITUATION

Board of Directors' evaluations regarding loss of Company capital or deep-in-debt situation:

As of December 31, 2016, shareholders' equity amounted to TL 3,017,164 thousand, and was 15.3% higher than the issued capital, which stands at TL 2,616,938 thousand. This ratio is an indicator of the strong equity structure of the Company.

Measures planned to be taken to improve the financial structure of the Company, if any:

As of December 31, 2016, consolidated net debt, calculated as the sum of the consolidated financial debt, other financial long term liabilities and other debt¹ amounted to TL 1,220,937 thousand, while total debt rose 1.1% year-on-year to TL 3,021,852 thousand (December 31, 2015: TL 2,987,510 thousand). The share of bank loans in foreign currency in total short and long term bank loans fell from 56.8% (as of December 31, 2015) to 49.3% as of December 31, 2016. The maturity structure of the cash and financial debt of the Group are continuously monitored in terms of the financial risk management factors such as interest risks and FX risks.

Information on the Dividend Distribution Policy, and if no dividend distribution is to take place, proposal on the use of the undistributed profit:

Doğan Holding's Dividend Distribution Policy is available on the corporate website (www.doganholding.com.tr). As there was no profit for the January 1, 2016-December 31, 2016 accounting period, according to the audited financial statements, it was decided to not make any dividend distribution. The proposal for dividend distribution and the dividend distribution statements, which will be approved at the General Assembly, are available on the Public Disclosure Platform (PDP), in the 2016 Annual Report, and on the corporate website (www.doganholding.com.tr).

Information on the quality and quantity of any capital markets instruments issued, if any:

No capital markets instrument was issued in the accounting period 01.01.2016-31.12.2016.

F. RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS

Information, if any, on the risk management policies that the Company will employ against possible risks:

In the framework of its risk management policies, Doğan Holding defines and measures operational, IT, legal, compliance, fiscal and financial risks, and makes suggestions to Group companies in light of available information. The referenced risks are monitored and managed by the Company's relevant vice presidents.

Information regarding the activities and reports of the Early Risk Detection Committee, if established:

Within the framework of Article 378 of the Turkish Commercial Code, and Capital Markets Board Corporate Governance Communiqué No. II-17.1, the Early Risk Detection Committee was established with the Board of Directors' decision taken on May 7, 2015. In 2016, the Early Risk Detection Committee held six meetings. Decisions taken at these meetings were recorded in the minutes and reported to the Board of Directors. The working principles of the Early Risk Detection Committee are available on the corporate web site (www.doganholding.com.tr).

Full Name	Title
Tayfun BAYAZIT	Chairman (Independent Board Member)
Erem Turgut YÜCEL	Member
Tolga BABALI	Member
Tahir ERSOY	Member

¹ Other Debt includes the Group subsidiary Aytemiz Akaryakıt's debt to the Aytemiz family.

OTHER OBLIGATORY DISCLOSURES

G. OTHER ISSUES

In case the ratio of our shares in our subsidiaries where we directly or indirectly own five, ten, twenty, twenty-five, thirty-three, fifty, sixty-seven, or hundred percent of the capital goes below/above these ratios, information on such situation and the underlying reasons:

Trade Name	31.12.2016 Effective Share Ratio (%)	31.12.2015 Effective Share Ratio (%)	Change (p.p.)	31.12.2016 Explanation
Çelik Halat ve Tel Sanayii A.Ş.	78.85%	78.70%	0.15	Due to transfer of shares
Aytemiz Gaz A.Ş.	0.00%	50.00%	-50.00	Due to merger
Aksu Doğal Gaz İletişim A.Ş.	0.00%	50.00%	-50.00	Due to merger
Doğan TV Holding A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
DTV Haber ve Görsel Yayıncılık A.Ş.	88.21%	86.06%	2.15	Due to acquisition of shares
Doruk Televizyon ve Radyo Yayıncılık A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Doğan Media International S.A.	92.88%	90.61%	2.27	Due to acquisition of shares
Eko TV Televizyon ve Radyo Yayıncılık A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
D Yapım Reklamcılık ve Dağıtım A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Doğan Müzik Yapım ve Ticaret A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Osmose Media S.A.	92.88%	90.61%	2.27	Due to acquisition of shares
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Tematik Televizyon ve Radyo Yayıncılık A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	92.88%	90.61%	2.27	Due to acquisition of shares
Mozaik İletişim Hizmetleri A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Doğan TV Digital Platform İşletmeciliği A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Doğa Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Fleks Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Fun Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Galaksi Radyo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Kutup Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Popüler Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Primetürk GmbH	92.96%	90.72%	2.24	Due to acquisition of shares
Selenit Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Stil Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Trend Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares

Trade Name	31.12.2016 Effective Share Ratio (%)	31.12.2015 Effective Share Ratio (%)	Change (p.p.)	31.12.2016 Explanation
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Uydu İletişim Basın Yayın A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Yörünge Televizyon ve Radyo Yayıncılık A.Ş.	92.96%	90.72%	2.24	Due to acquisition of shares
Blutv İletişim ve Dijital Yayın Hizmetleri A.Ş.	90.63%	88.44%	2.19	Due to acquisition of shares
Orta Anadolu Otomotiv A.Ş.	100.00%	85.00%	15.00	Due to acquisition of shares
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş.	77.65%	0.00%	77.65	Due to new establishment
İsedaş	0.00%	53.02%	-53.02	Due to liquidation
Trader Media East	75.54%	61.01%	14.53	Due to capital increase
Publishing House	75.54%	61.01%	14.53	Due to capital increase
OOO Pronto-Moscow	75.54%	61.01%	14.53	Due to capital increase
OOO Pronto Samara	75.54%	61.01%	14.53	Due to capital increase
OOO Pronto Kazan	54.39%	43.93%	10.46	Due to capital increase
OOO Pronto Baikal	75.54%	61.01%	14.53	Due to capital increase
OOO Pronto Akmola	75.54%	61.01%	14.53	Due to capital increase
OOO Pronto Vladivostok	0.00%	54.91%	-54.91	Due to liquidation
OOO Pronto Novosibirsk	0.00%	61.01%	-61.01	Due to liquidation
OOO Utro Peterburga	41.55%	33.56%	7.99	Due to capital increase
ZAO Pronto Akzhol	60.43%	48.81%	11.62	Due to capital increase
OOO Pronto Oka	75.54%	61.01%	14.53	Due to capital increase
Pronto Smolensk	0.00%	61.01%	-61.01	Due to liquidation
Pronto Atyrau KZT	60.43%	48.81%	11.62	Due to capital increase
Pronto Aktau KZT	60.43%	48.81%	11.62	Due to capital increase
RU.Com OOO	75.54%	61.01%	14.53	Due to capital increase
TCM Adria.doo	75.54%	61.01%	14.53	Due to capital increase
Mirabridge International BV	75.54%	61.01%	14.53	Due to capital increase
Pronto Aktobe	48.35%	39.05%	9.30	Due to capital increase
SP Bel Pronto OOO BYR	45.32%	36.61%	8.71	Due to capital increase
OOO Rektcentr	75.54%	61.01%	14.53	Due to capital increase
Pronto Ust-Kamenogorsk KZT	60.43%	48.81%	11.62	Due to capital increase
ASPM Holdings BV	38.53%	31.11%	7.42	Due to capital increase
Publishing International Holding BV	75.54%	61.01%	14.53	Due to capital increase
ID Impress Media Marketing LLC	68.74%	55.52%	13.22	Due to capital increase
Glokal Motorlu Araçlar Pazarlama A.Ş.	100.00%	0.00%	100.00	Due to new establishment
Mavi Digital Teknoloji Hizmetleri ve Ticaret A.Ş.	88.21%	0.00%	88.21	Due to new establishment
Dark Yapımcılık ve Ticaret A.Ş.	61.75%	0.00%	61.75	Due to new establishment
Trend Motosiklet Pazarlama A.Ş.	99.84%	0.00%	99.84	Due to new establishment
Marlin Oto Kiralama Seyahat Hizmetleri A.Ş.	100.00%	0.00%	100.00	Due to new establishment
İlke Turistik Yatırımlar A.Ş.	100.00%	0.00%	100.00	Due to new establishment
Neta Yönetim Danışmanlık Havacılık Hizmetleri A.Ş.	100.00%	0.00%	100.00	Due to new establishment
Marlin Otelcilik ve Turizm A.Ş.	100.00%	0.00%	100.00	Due to new establishment

Information regarding the Group companies' shares in the capital of the parent company:

Group companies do not have shares in the capital of the parent company.

OTHER OBLIGATORY DISCLOSURES

Explanations regarding the internal audit and risk management systems of the corporation within the preparation process of the consolidated financial statements and tables:

Consolidated financial statements were issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Executive Decree No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22, in keeping with the 2016 TAS Taxonomy.

Information regarding the reports stipulated in the 199th article of the Turkish Commercial Code:

The Company's annual report and affiliation report are issued in line with the provisions of the Turkish Commercial Code. The Board Members made no demands falling under the scope of Turkish Commercial Code, Article 199/4.

Affiliate report:

As per the 199th Article of the Turkish Commercial Code n.6102 issued on July 1, 2012 in the first three months of the activity period, the Board of Directors of Doğan Holding is responsible for issuing a report about the relations with the parent company and the affiliates of the parent company, and to include the conclusion of this report in the Annual Report.

At our Company, there were no: i) legal transactions made with the parent company, and/or and affiliates of the parent company, made for the benefit of the parent company, and/or for the benefit of the affiliates of the parent company as a consequence of the directions given by the parent company, and ii) measures taken or avoided to be taken in the previous activity period for the benefit of the parent company, and/or for the benefit of the affiliates of the parent company. Thus, there was no loss that would require offsetting.

Related party transactions:

For the purpose of the accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint control over the Company and their close family members (immediate family members) and legal entities having direct or indirect control 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 BOD, key management and their close family members (immediate family members); and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. Related party transactions are available in Note 33 under the title Related Party Disclosures for the financial statements for the accounting period ending on 31.12.2016.

The issue that must be presented to the shareholders about whether the shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree make any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or whether the aforementioned persons make any transaction, related to a commercial business that is within the scope of the Company or its subsidiaries' field of activity, for their own account or for the account of others or whether they become unlimited partners in other companies carrying out similar commercial businesses:

The shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or the aforementioned persons did not make any transaction, related to a commercial business that is within the scope of the Company or its subsidiaries' field of activity, for their own account or for the account of others or they did not become unlimited partners in other companies carrying out similar commercial businesses.

AUDIT COMMITTEE RESOLUTION

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. AUDIT COMMITTEE RESOLUTION

DATE: 07.03.2017 / 1

SUBJECT: Negotiation and Evaluation of the Consolidated Financial Report for the Accounting Period 01.01.2016-31.12.2016

The independently audited Consolidated Financial Report pertaining to the accounting period 01.01.2016-31.12.2016, issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Executive Decree No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22 in keeping with the 2016 TAS Taxonomy, and in comparison with the previous period's financials, was audited by soliciting the opinions of the executives who are responsible for the preparation of the Company's financial reports.

Limited within the scope of the information we have and that we have been given, our opinion relating to this consolidated financial report was presented to the executives who have responsibility in the preparation of the financial statements. Within the framework of this opinion, we have reached a conclusion that this financial report: truly reflects the facts regarding the Company's activity results and does not contain any significant deficiency that may cause misleading results, and complies with CMB regulations.



Tayfun BAYAZIT
President



Hacı Ahmet KILIÇOĞLU
Member

CORPORATE GOVERNANCE COMMITTEE RESOLUTION

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. CORPORATE GOVERNANCE COMMITTEE RESOLUTION

DATE AND NUMBER: 07.03.2017 / 1

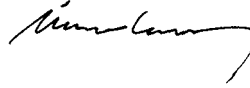
SUBJECT: Negotiation and Evaluation of the Annual Report and Corporate Governance Compliance Report for the accounting period 01.01.2016-31.12.2016.

The Annual Report pertaining to the accounting period 01.01.2016-31.12.2016 prepared in conformity with the Turkish Commercial Code, the Ministry of Customs and Trade's Regulation on "Determining the Minimum Content of the Annual Reports of Companies," and the Capital Markets Board ("CMB")'s Communiqué No. II-14.1 on "Principles Regarding Financial Reporting in the Capital Markets," whose conformity with the financial statements and footnotes for the accounting period 01.01.2016-31.12.2016 prepared in line with the applicable legislation has been confirmed by independent auditors; and the Corporate Governance Principles Compliance Report for the period 01.01.2016-31.12.2016 (included in the Annual Report), prepared in conformity with CMB's "Corporate Governance Communiqué" No. II-17.1, and the presentation principles stipulated in CMB Decision no. 2/35 (date: 27.01.2014) and published in CMB's Weekly Bulletin no. 2014/02 (date: 27.01.2014), were examined by soliciting the opinions of the executives who have responsibility in preparing the Company's Annual Report and the Corporate Governance Principles Compliance Report.

Limited within the scope of the information we have and that we have been given, our opinion relating to this Annual Report and the Corporate Governance Principles Compliance Report was presented to the executives who have responsibility in the preparation of the Annual Report and the Corporate Governance Principles Compliance Report. Within the framework of this opinion, our Committee reached a conclusion that this Annual Report and the Corporate Governance Principles Compliance Report truly reflect the facts regarding the Company's activity results and do not contain any significant deficiency that may cause misleading results, and comply with the Turkish Commercial Code, Ministry regulations and CMB regulations.



Tayfun BAYAZIT
President



İmre BARMANBEK
Member



Dr. Murat DOĞU
Member



Banu ÇAMLITEPE
Member

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE APPROVAL OF THE REPORTS

**STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS;
REGARDING THE APPROVAL OF THE FINANCIAL REPORT AND THE ANNUAL REPORT OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

DATE OF DECISION: 09/03/2017
DECISION NO: 2017/06

REF NO: 2017-4


**STATEMENT OF RESPONSIBILITY AS PER THE
9TH ARTICLE OF THE SECOND SECTION OF THE COMMUNIQUÉ
SERIAL: II, NO: 14.1 OF THE CAPITAL MARKETS BOARD**

We have audited Doğan Şirketler Grubu Holding A.Ş.'s independently audited Consolidated Financial Report and Annual Report pertaining to the accounting period 01.01.2016-31.12.2016, issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Executive Decree No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22 in keeping with the 2016 TAS Taxonomy, and in comparison with the previous period's financials, within the scope of the information we have within our authority:

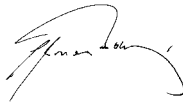
- The consolidated financial report and the annual report do not include any misleading announcements on important issues or deficiency that may cause misleading results on the announcements as of the date they were made,
- The consolidated financial report, prepared in accordance with the financial reporting standards in force, truly reflects the facts regarding the assets, liabilities, financial situation and profit & loss of the Company, and the annual report honestly reflects the progress and the performance of the business and the financial situation of the Company, together with the important risks and uncertainties.



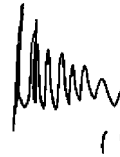
Tayfun BAYAZIT
President of the Audit Committee



Hacı Ahmet KILIÇOĞLU
Member of the Audit Committee



Ahmet TOKSOY
CFO



Muzaffer GÖĞÜŞ
Director of Financial and Administrative Affairs

DIVIDEND DISTRIBUTION

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF THE REPORTS

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. DECISION OF THE BOARD OF DIRECTORS

DATE OF MEETING: 09/03/2017

DECISION NO.: 2017/06

In order to resolve the issues that were on its agenda, the Company's Board of Directors convened at the Company's Headquarters with the attendance of the members whose signatures are given below.

AGENDA: The approval of the financial report and the annual report of the period 01.01.2016-31.12.2016

RESOLUTION:

As a result of discussions:

- To approve the independently audited attached Consolidated Financial Report pertaining to the accounting period 01.01.2016-31.12.2016, issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Executive Decree No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22 in keeping with the 2016 TAS Taxonomy, and in comparison with the previous period's financials, as presented to the Board of Directors with the revision proposals and opinion of appropriateness by the relevant executives and the Audit Committee;
- to approve the independently audited attached Annual Report of the Company pertaining to the accounting period 01.01.2016-31.12.2016, issued in compliance with the Turkish Commercial Code, the Ministry of Customs and Trade's Regulation on "Determining the Minimum Content of the Annual Reports of Companies," and the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets," as presented to the Board of Directors with the revision proposals and opinion of appropriateness by relevant executives and the Corporate Governance Committee;
- January 1, 2016 - December 31, 2016 accounting period's Corporate Governance Principles Compliance Report that was issued in conformity with the Capital Markets Board Communiqué n.II-17.1 on Corporate Governance given in the Annual Report; and in compliance with the presentation principles stipulated with the Capital Markets Board decision n.2/35 (dated: January 27, 2014), and published with the Capital Markets Board Weekly Bulletin n.2014/02 (dated: January 27, 2014).



Yaşar Begümhan DOĞAN FARALYALI
Chairwoman



Hanzade Vasfiye DOĞAN BOYNER
Vice Chairwoman



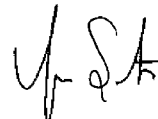
Arzuhan YALÇINDAĞ
Member



Vuslat SABANCI
Member



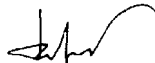
İmre BARMANBEK
Member



Yağmur ŞATANA
Member



Ahmet Vural AKIŞIK
Independent Member



Tayfun BAYAZIT
Independent Member



Hacı Ahmet KILIÇOĞLU
Independent Member

DIVIDEND DISTRIBUTION POLICY

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. DIVIDEND DISTRIBUTION POLICY (FEBRUARY 28, 2014)

Our Company makes dividend distribution decisions, and distributes dividend, in line with the Turkish Commercial Code; the Capital Markets Legislation; Capital Markets Law (CML); Capital Markets Board (CMB) Regulations and Decisions; Tax Laws; provisions of other relevant legislation; and our Articles of Association; and the Resolution of the General Assembly.

Accordingly:

- 1- As a principle, at least 50% of the "net distributable profit" calculated as per the Capital Markets Legislation, CMB, CMB Regulations and Resolutions can be distributed, taking into account the financial statements prepared in compliance with the Capital Markets Legislation, CMB, CMB Regulations and Decisions.
- 2- In case it is contemplated to distribute dividend between 50% and 100% of the "net distributable profit" calculated the financial statements, financial structure, and the budget of our Company are taken into consideration when determining the dividend distribution percentage.
- 3- The dividend distribution proposal is made public as per the Capital Markets Legislation, CMB, and the CMB Regulations and Decisions taking into account the legal deadlines.
- 4- In case the amount is:
 - a. lower than the amount calculated as per Article 1, of the "net distributable profit" that is calculated in line with the legal records kept within the scope of the Turkish Commercial Code, and the Tax Laws; the "net distributable profit" calculated as per the legal records kept within the scope of this article hereby is taken into account, and it is distributed entirely,
 - b. higher than the amount mentioned above, action is taken as per Article 2.
- 5- In case there is no net distributable profit as per the legal records kept within the scope of the Turkish Commercial Code and Tax Laws, no dividend distribution can be made a "net distributable profit" has been calculated according to the financial statements prepared as per the Capital Markets Legislation, CMB, CMB Regulations and Decisions, and in compliance with again the Capital Markets Legislation, CMB, the CMB Regulations and Resolutions.
- 6- In case the calculated "net distributable profit" is below 5% of the issued capital, this may lead to the dividend distribution not being made.
- 7- The upper limit of the aid and donations that will be made by our Company within an accounting term in compliance with the Capital Markets Legislation, CMB, the CMB Regulations and Decisions, and as per the principles set forth in our Articles of Association shall be determined by the General Assembly. No donations may be made in amounts exceeding the limit set forth by the General Assembly, and the donations made shall be added to the "net distributable profit" tax base.
- 8- The dividend distribution shall start latest by the 30th day following the general assembly meeting where the distribution resolutions were made, and in any case, as of the end of the accounting term.
- 9- In line with the Capital Markets Legislation, CMB, CMB Regulations and Decisions, and the provisions of the Articles of Association, and as per the Resolution of the General Assembly, our Company may distribute the dividend share in cash and/or upfront as "free shares" or may distribute in installments.
- 10- Our Company may also distribute dividends to other persons who are not shareholders in line with the resolutions to be made by the General Assembly. In that case, action shall be taken in compliance with the Turkish Commercial Code; Capital Markets Legislation, CMB, CMB Regulations and Decisions, and the provisions of the Articles of Association.
- 11- Our Company may decide to distribute, and may distribute, advance dividend, in line with the Turkish Commercial Code; Capital Markets Legislation; CMB, CMB Regulations and Decisions; Tax Laws; the provisions of the other legislation, the Articles of Association; and the General Assembly Resolution.
- 12- Investments requiring significant amounts of cash outflows for increasing our Company value; significant issues affecting our financial structure; important uncertainties and adversities outside the control of our Company arising in the economy, in the markets, or other areas shall be taken into account in making dividend distribution decisions.

DIVIDEND DISTRIBUTION PROPOSAL

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. BOARD OF DIRECTORS DECISION

DATE OF MEETING: 09.03.2017
DECISION NO.: 2017/07

In order to resolve the issues that were on its agenda, the Company's Board of Directors convened at the Company's Headquarters with the attendance of the members whose signatures are given below.

AGENDA: Decision on Dividend Distribution

RESOLUTION:

This resolution was signed by the members of the Board of Directors pursuant to the provision of Article 390/IV of the Turkish Commercial Code.

Our Board of Directors made a meeting and resolved that

Taking into account the Turkish Commercial Code ("TCC"), the Capitals Market Legislation and the Regulations of the Capital Markets Board ("CMB"), the Corporate Tax, Income Tax and the provisions of the other relevant legislation, as well as the relevant provisions of the Articles of Association of our Company, and the "Dividend Distribution Policy" that we have publicly announced:

- In line with the Communique provisions of the CMB II-14.1, "Communique on the Principles of Financial Reporting in Capital Markets", of the CMB, and as per the independently audited consolidated financial statements of the accounting period of 01.01.2016-31.12.2016 prepared in compliance with the Turkish Accounting System ("TMS") and Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Institute ("KGK"), and the presentation principles of which have been determined as per the relevant resolutions of the CMB; as it has been understood that a "Net Loss for the Period" of 219,223 thousand Turkish Liras has been observed when the "Deferred Tax Expense" and "Tax Expense for the Period", and "Non-Controlling Interests Outside the Equity Holders of The Parent Company", and that a "Loss for the Period" totalling 566,327 thousand Turkish Liras after adding to this amount "Accumulated Losses" totalling 343,605 thousand Turkish Liras, calculated as per the Dividend Guide announced in the CMB Weekly Bulletin of 27.01.2014, no. 2014/2, and adding the "donations" totalling 1,814 thousand Turkish Liras made in 2016, to inform the shareholders that no dividend distribution shall be made for the accounting period 01.01.2016 - 31.12.2016 in line with the CMB dividend distribution regulations, and to submit this matter for the approval of the General Assembly, and
- In the financial records for the 01.01.2016 - 31.12.2016 accounting period kept within the scope of the Tax Legislation, and as per the Uniform Accounting Plan published by the T.R. Ministry of Finance, a "Net Profit for the Period" of 118,389,242.76 Turkish Lira has been observed during the accounting term of 01.01.2016 - 31.12.2016 as per our financial records; that a "Tax Expense for the Period" of 12,133,562.89 Turkish Lira has been reserved, and out of the remaining 106,255,679.87 Turkish Lira, "General Legal Reserve Funds" of 5,312,783.99 Turkish Lira has been reserved as per paragraph (1) of Article 519 of TCC and "Venture Capital Fund" of 6,700,000 Turkish Lira has been reserved as per paragraph (a) of Article 325 of the Tax Procedure Law No. 213, the remaining part of 94,242,895.88 Turkish Lira will be transferred to the account of "Extraordinary Reserves", and that this matter will be submitted for the approval of the General Assembly,
- In the financial records kept within the scope of the Tax Legislation, and as per the Uniform Accounting Plan published by the T.R. Ministry of Finance, the "Retained Earnings" of 21,220,330.99 Turkish Lira taken into the "Special Funds" accounts during the past terms as per the Tax Legislation, be taken into the "Extraordinary Reserves" account as the 5-year period specified as per the Tax Legislation has been completed, and that this matter will be submitted for the approval of the General Assembly.



Y. BEGÜMHAN DOĞAN FARALYALI
Chairwoman



HANZADE V. DOĞAN BOYNER
Vice Chairwoman



ARZUHAN YALÇINDAĞ
Member



VUSLAT SABANCI
Member



İMRE BARMANBEK
Member



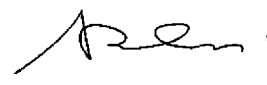
YAĞMUR ŞATANA
Member



TAYFUN BAYAZIT
Independent Member



AHMET VURAL AKIŞIK
Independent Member



HACI AHMET KILIÇOĞLU
Independent Member

DIVIDEND DISTRIBUTION STATEMENT*

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. DIVIDEND DISTRIBUTION STATEMENT FOR 2016 (TL)

1	Paid-in Capital	2,616,938,288.00	
2	General Legal Reserves (as per statutory records) ⁽¹⁾	179,948,667.04	
	Information concerning preferred shares, if, as per the Company's Articles of Association, there are any privileges for preferred shares in distribution of dividend		None
		As per CMB	As per statutory records
3	Profit/Loss for the Period (+/-) ⁽²⁾	-160,194,000.00	118,389,242.76
4	Taxes (+/-) ⁽³⁾	-73,692,000.00	-12,133,562.89
	Non-controlling interests (minority interests) (-)	-14,663,000.00	0.00
5	Net Profit/Loss (-)	-219,223,000.00	106,255,679.87
6	Prior Years' Losses (-) ⁽⁴⁾	-343,605,332.96	0.00
7	Legal Reserve Fund (-)	-5,312,783.99	-5,312,783.99
	Legal Reserves Set Aside as per Turkish Commercial Code Article 520/(1) (-) ⁽⁵⁾	-2,080,000.00	-2,080,000.00
	Venture Capital Fund (-)	-6,700,000.00	-6,700,000.00
8	NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (+/-)	-570,221,116.95	92,162,895.88
9	Grants made during the Year (+)	1,814,320.00	
10	Net Distributable Profit/Loss Including Grants (+/-)	-568,406,796.95	
11	First Category Dividend to Shareholders	0.00	
	-Cash	0.00	
	-Shares	0.00	
	-Total	0.00	
12	Dividends Distributed to Preferred Shareholders	0.00	
13	Other Dividends Distributed	0.00	
	-Members of the Board of Directors	0.00	
	-Employees	0.00	
	-Non-shareholders	0.00	
14	Dividends to holders of usufruct-right certificates	0.00	
15	Second Category Dividend to Shareholders	0.00	
16	Legal Reserve Fund	0.00	0.00
17	Status Reserves	0.00	0.00
18	Special Reserves	0.00	0.00
19	EXTRAORDINARY RESERVES	92,162,895.88	92,162,895.88
20	Other Sources Planned for Distribution	0.00	0.00
	- Prior Years' Income	0.00	0.00
	- Extraordinary Reserves	0.00	0.00
	- Other Distributable Reserves as per the Turkish Commercial Code and Articles of Association	0.00	0.00

⁽¹⁾ "Inflation Differences" is not attached.

⁽²⁾ Composed of the sum of the "Loss Before Tax for the Period from Continuing Operations".

⁽³⁾ Composed of the sum of the "Tax Expense for the Period" and "Deferred Tax Income".

⁽⁴⁾ Prepared in accordance with the Guide of Dividend published in the weekly CMB Bulletin dated 27.01.2014, number 2014/2. It includes the remained portion after the amounts of "Adjustments to Share Capital", "Premiums/Discounts Related to Shares (Net)" and "General Legal Reserve Funds" are incorporated to the Accumulated Losses.

⁽⁵⁾ Within the scope of TCC article 520/(1) Legal Reserve Fund is reserved due to share buyback of Company.

⁽⁶⁾ There is no distributable profit for the period.

INFORMATION ON DIVIDEND PER SHARE

GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE FOR 1 TL NOMINAL VALUE	
	CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00

*The profit distribution table for fiscal year 2016 was revised at the Ordinary General Assembly Meeting dated 31.03.2017 in line with the proposals of the management; and the revised profit distribution table and profit distribution proposal were approved at the General Assembly.

OPINION LETTER OF THE INDEPENDENT AUDIT COMPANY ON THE ANNUAL REPORT

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak no1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34398
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No : 304099

TO THE DOĞAN ŞİRKETLER GRUBU HOLDING A.Ş. BOARD OF DIRECTORS

REPORT REGARDING THE AUDIT ON THE BOARD OF DIRECTORS' ANNUAL REPORT WITHIN THE FRAMEWORK OF THE INDEPENDENT AUDIT STANDARDS

We have assessed Doğan Şirketler Grubu Holding A.Ş. ("Company")'s annual report regarding the accounting period that ended on the 31st of December 2016.

Responsibility of the Board of Directors Regarding the Annual Report

As per the 514th Article of the Turkish Commercial Code ("Turkish Commercial Code") n.6102 and the Capital Markets Board ("CMB")'s Communiqué n14.1 on "Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué"), The Group management is responsible for: (i) preparing an Annual Report and financial statements in a manner that will be consistent and that will reflect the facts, and (ii) the Internal Control it deems necessary for preparing such an Annual Report.

Responsibility of the Independent Audit Firm

Based on the independent audit we made regarding the Group's annual report within the framework of the 397th Article of the Turkish Commercial Code and the Communiqué, our responsibility as an independent audit firm is to state our opinions on whether or not the financial data included in this Annual Report: (i) is consistent with the Group's financial statements mentioned in the Independent Auditor's Report on March 9, 2017; and (ii) truly reflects the facts.

Our assessment was made in conformity with the Independent Audit Standards that are part of the Turkish Audit Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). These standards require compliance with the Code of Ethics and stipulate that the independent audit shall be planned and performed to obtain reasonable guarantee about whether the financial information in the Annual Report: (i) is consistent with the financial statements; and (ii) reflects the facts or not.

Independent audit includes the implementation of the audit procedures with the aim of obtaining audit evidence about historical financial data. Selection of these procedures is based on the professional judgment of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit form a sufficient and appropriate basis for our opinions.

Opinion

In our opinion, the financial information in the Annual Report of our Board of Directors, is consistent in all significant aspects with the audited financial statements, and does reflect the facts.

Other Liabilities Arising From the Legislation

As per the 3rd paragraph of the 402nd Article of the Turkish Commercial Code we did not encounter any significant issues that must be reported about the Company's potential inability to continue its activities in the foreseeable future within the framework of BDS 570 "Business Continuity."

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED

Zere Gaye Şentürk, SMMM
Partner
İstanbul, 9 March 2017

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONVENIENCE TRANSLATION OF
THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2016
INTO ENGLISH AND INDEPENDENT
AUDITORS' REPORT
(ORIGINALLY ISSUED IN TURKISH)

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

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

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

Zere Gaye Şentürk
Partner

İstanbul, 9 March 2017

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

(*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts presented in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as of 31 December 2016.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA (TL)¹⁾ UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

	Share Capital	Adjustments to share capital	Repurchased shares	Gains/losses on revaluation of property, plant and equipment	Actual gains/losses on revaluation of property, plant and equipment	Premiums / discounts related to share	Gain/(loss) on revaluation and/or reclassification of financial assets available for sale	Currency translation differences	Restricted reserves	Retained earnings/ losses	Net profit/ loss for the period	Equity attributable to equity holders of the parent company	Non-controlling interests	Equity
Balances as of 1 January 2016	23 2.616.938	143.526	-	11.662	(31.032)	35.159	514	87.357	1.267.933	(1.319.115)	(160.820)	2.652.122	390.089	3.042.211
Transfers ¹⁾	-	-	-	-	-	-	-	-	(952.954)	792.134	160.820	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(2.763)	(2.763)
- Dividend payment of subsidiaries to non-group companies	-	-	-	-	-	-	-	-	-	-	-	-	(2.763)	(2.763)
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	127	127
Increase (decrease) due to repurchasing of shares	-	-	(2.080)	-	-	-	-	-	-	-	-	(2.080)	-	(2.080)
Increase (decrease) regarding other changes ²⁾	-	-	-	-	-	-	-	-	-	-	-	-	(241)	(241)
Total comprehensive income/(expense)	-	-	-	36.345	(6.778)	-	15.088	134.604	-	(31.732)	(219.223)	(71.696)	51.606	(20.090)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	(219.223)	(14.663)	(233.886)
Other comprehensive income (expense)	-	-	-	36.345	(6.778)	-	15.088	134.604	-	(31.732)	-	147.527	66.269	213.796
Balances as of 31 December 2016	23 2.616.938	143.526	(2.080)	48.007	(37.810)	35.159	15.602	221.961	314.979	(558.713)	(219.223)	2.578.346	438.818	3.017.164

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

²⁾ Effective ratio of the Group in its subsidiary TME increased from 61.01% to 75.54% due to the fact that "non-controlling interests", which did not participate to the capital increase, took place in the capital increase of TME. This transaction was treated as "equity" transaction and considering that there was no cash movement outside the Group during the capital increase, the change in "non-controlling interests" was accounted under "retained earnings" under shareholders' equity.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

		Accumulated other comprehensive income or loss that will not be reclassified as profit or loss	Accumulated other comprehensive income or loss that will be reclassified as profit or loss	Retained earnings/ accumulated losses	Equity attributable to equity holders of the parent company	Equity									
		Share Capital	Adjustments to share capital	Gains/ losses on revaluation and/or reclassification of financial translation differences	Restricted reserves	Net profit/ loss for the period	Non- controlling interests	Equity							
	Note	23	2,616,938	143,526	1,002	(30,979)	35,159	(4,177)	51,034	1,281,168	(1,113,482)	(224,970)	2,755,219	154,631	2,909,850
Balances as of 1 January 2015															
Transfers															
Dividends															
- Dividend payment of subsidiaries to non-group companies															
Acquisition or disposal of subsidiary															
Transactions with non-controlling interest shareholders															
Other contribution of shareholders															
Increase (decrease) regarding other changes															
Total comprehensive income/(expense)															
Profit (loss) for the period															
Other comprehensive income (expense)															
Balances as of 31 December 2015															

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

	Notes	USD (*) Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
Changes in working capital		(11.566)	(40.705)	(160.770)
Adjustments for other increase (decrease) in working capital				
<i>Decrease (increase) in other assets regarding operations</i>		9.042	31.822	72.018
<i>Increase (decrease) in other liabilities regarding operations</i>		(3.432)	(12.079)	(1.830)
Adjustments for decrease (increase) in inventories		(18.089)	(63.659)	(58.300)
Adjustments for decrease (increase) in trade receivables				
<i>Decrease (increase) in trade receivables from related parties</i>		(1.586)	(5.583)	590
<i>Decrease (increase) in trade receivables from non-related parties</i>		(90.710)	(319.225)	(233.623)
Increase (decrease) in payables due to employee benefits		3.808	13.402	14.502
Adjustments regarding decrease (increase) in other receivables on operations				
<i>Decrease (increase) in other non-related party receivables related with operations</i>		6.499	22.870	14.332
Adjustments regarding increase (decrease) in trade payables				
<i>Increase (decrease) in trade payables to related parties</i>		(490)	(1.726)	(8.789)
<i>Increase (decrease) in trade payables to non-related parties</i>		58.327	205.263	23.611
Adjustments regarding increase (decrease) in other payables on operations				
<i>Increase (decrease) in other payables regarding operations with non-related parties</i>		25.065	88.210	16.719
Net Cash Provided by Operating Activities		221.488	779.457	498.703
Payments regarding provisions for employee benefits	22	(6.451)	(22.704)	(14.443)
Income tax refunds (payments)		(10.636)	(37.430)	(73.441)
Payments regarding other provisions		(4.744)	(16.695)	(3.939)
Other cash inflow (outflow)		2.043	7.189	13.768
Interest received		36.709	129.185	137.241

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since June 21, 1993. Within the frame of Resolution No.21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency("CRA"), 35,95% shares of Doğan Holding are to be considered in circulation as of 31 December 2016 (31 December 2015: 35,94%). As of the reporting date, circulation rate of shares are 35,95%.

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

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34696 İstanbul

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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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 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Statement of compliance with TAS

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

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

These consolidated financial statements, except for the financial assets and investment properties that are presented at fair value, are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the 2016 TAS Taxonomy as stated above.

Adjustment to the financial statements in hyperinflationary periods

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

2.1 Basis of Presentation (continued)

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

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

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

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

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

2.1.3 Consolidation principles

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries

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

Control is achieved when the Group:

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

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

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

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

The table below sets out the proportion of voting power held by Doğan Holding, Doğan Family and its subsidiaries and effective ownership interests as of 31 December 2016 and 31 December 2015:

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Hürriyet	77,65	77,65	-	-	77,65	77,65	77,65	77,65
Doğan Gazetecilik	92,81	92,81	0,52	0,52	93,33	93,33	92,81	92,81
DMI	100,00	100,00	-	-	100,00	100,00	90,52	90,52
Mozaik	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doğan Haber Ajansı	99,99	99,99	-	-	99,99	99,99	99,99	99,99
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	77,65
TME ⁽¹⁾	97,29	78,57	-	-	97,29	78,57	75,54	61,01
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Publishing International Holding B.V.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	45,32	36,61
OOO Pronto Aktobe	64,00	64,00	-	-	64,00	64,00	48,35	39,05
OOO Pronto Baikal ⁽²⁾	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto DV ⁽³⁾	-	100,00	-	-	-	100,00	-	61,01
OOO Pronto Kazan ⁽⁴⁾	72,00	100,00	-	-	72,00	100,00	54,39	61,01
OOO Pronto Novosibirsk ⁽⁵⁾	-	100,00	-	-	-	100,00	-	61,01
OOO Pronto Oka ⁽⁶⁾	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto Vladivostok ⁽⁷⁾	-	90,00	-	-	-	90,00	-	54,91
OOO Pronto Media Holding Ltd.	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Ulro Peterburga ⁽⁸⁾	55,00	55,00	-	-	55,00	55,00	41,55	33,56
OOO Pronto Smolensk ⁽⁹⁾	-	100,00	-	-	-	100,00	-	61,01
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	75,54	61,01
OOO Pronto Atyrau	80,00	80,00	-	-	80,00	80,00	60,43	48,81
OOO Pronto Aktau	80,00	80,00	-	-	80,00	80,00	60,43	48,81
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	60,43	48,81
OOO RUKOM ⁽¹⁰⁾	100,00	100,00	-	-	100,00	100,00	75,54	61,01
Pronto Soft ⁽¹¹⁾	-	90,00	-	-	-	90,00	-	54,91
Prime Türk	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Osmose Media	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Impress Media Marketing LLC ⁽¹²⁾	-	91,00	-	-	-	91,00	-	55,52
Pronto Ust Kamenogorsk ⁽¹³⁾	80,00	80,00	-	-	80,00	80,00	60,43	48,81
Doğan TV Holding ⁽¹⁴⁾	92,88	90,61	0,11	0,11	92,99	90,72	92,88	90,61
Kanal D	94,97	94,97	5,03	5,03	100,00	100,00	88,21	86,06

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Fun TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Tempo TV	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Kanalspor	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Milenyum TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
TV 2000	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Popüler TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Bravo TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doğa TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Altın Kanal	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Stil TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Selenit TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Trend TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Fleks TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Kutup TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Galaksi TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Yörünge TV	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Tematik TV	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Süper Kanal	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Uydu	100,00	100,00	-	-	100,00	100,00	92,96	90,72
Eko TV	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	92,88	90,61
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	92,88	90,61
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	92,88	90,61
DMC	100,00	100,00	-	-	100,00	100,00	92,88	90,61
D&R	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Hürservis	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	98,86
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Orta Anadolu Otomotiv ⁽¹⁵⁾	100,00	85,00	-	-	100,00	85,00	100,00	85,00
Çelik Halat ⁽¹⁶⁾	78,85	78,70	-	-	78,85	78,70	78,85	78,70
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Organik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Stroy	100,00	100,00	-	-	100,00	100,00	73,59	73,59
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Tes	100,00	100,00	-	-	100,00	100,00	100,00	100,00
A.G.T. Tanıtım	90,00	90,00	-	-	90,00	90,00	90,00	90,00
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Öncü Girişim	100,00	100,00	-	-	100,00	100,00	100,00	100,00

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Ditas America	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Ditas Trading ⁽¹⁷⁾	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Aytemiz Akaryakit	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Aytemiz Gaz ⁽¹⁸⁾	-	100,00	-	-	-	100,00	-	50,00
Aksu Doğal Gaz ⁽¹⁸⁾	-	100,00	-	-	-	100,00	-	50,00
Aytemiz Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Gaziemir Petrol	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Blutv İletişim	100,00	100,00	-	-	100,00	100,00	90,63	88,44
ID Impress Media Marketing	91,00	91,00	-	-	91,00	91,00	68,74	55,52
Glokal ⁽¹⁹⁾	100,00	-	-	-	100,00	-	77,65	-
DAF ⁽²⁰⁾	100,00	-	-	-	100,00	-	100,00	-
Mavi Digital ⁽²¹⁾	100,00	-	-	-	100,00	-	88,21	-
Dark Yapımcılık ⁽²²⁾	70,00	-	-	-	70,00	-	61,75	-
Trend Motosiklet ⁽²³⁾	99,84	-	-	-	99,84	-	99,84	-
Marlin Oto ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-
İlke Turistik ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-
Neta Yönetim ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-
Marlin Otelcilik ⁽²⁴⁾	100,00	-	-	-	100,00	-	100,00	-

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

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

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

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

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

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

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

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

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

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

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

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

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

⁽¹⁴⁾ According to the statutory records of the Group, proportion of effective ownership interest of Doğan TV Holding is 92,88%. Nevertheless, in consequence of the option explained in detail in Note 17, by considering the additional share proportion in accordance with TAS 32 "Financial Instruments: Disclosure and Presentation" the rate is calculated as 99,86%.

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

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

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

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

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

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

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

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

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

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

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

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

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

(b) Associates and Joint Ventures

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

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

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

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

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

2.1 Basis of Presentation (continued)

2.1.3 Consolidation principles (continued)

(b) Associates and Joint Ventures (continued)

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

(c) Non-controlling interests

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

(d) Financial investments

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

2.1.4 Offsetting

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

2.1.5 Comparative information and restatement of previously reported financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. The Group presents comparatively its consolidated statement of financial position as of 31 December 2016 with 31 December 2015. Statement of profit or loss and other comprehensive income, statement of cash flow and statement of changes in equity for the period ended 31 December 2016, are presented comparatively with the financial statements as of the period 1 January-31 December 2015. In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

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

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

2.1 Basis of Presentation (continued)

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

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

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

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

(a) Amendments to TAS effecting the amounts in the consolidated financial statements and notes

None noted.

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

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

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

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

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

2.1 Basis of Presentation (continued)

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

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

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

TFRS 9	<i>Financial Instruments¹</i>
TFRS 15	<i>Revenue from Contracts with Customers¹</i>

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

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 3,5192 = USD 1,00 as of 31 December 2016. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

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

2.2 Summary of Significant Accounting Policies

Related parties

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

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

Sales and repurchase agreements

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

Trade receivables and provision for doubtful receivables

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

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

2.2 Summary of Significant Accounting Policies (continued)

Trade receivables and provision for doubtful receivables (continued)

Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. Additionally, the Group provides provision for its receivables for which there are no special agreed guarantees and overdue for more than a year. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.

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

Inventories

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

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

Promotion stocks

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

Broadcasting programme stocks

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

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

2.2 Summary of Significant Accounting Policies (continued)

Financial instruments

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

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

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments that the Group intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are carried at amortized cost using the effective interest method less impairment, if any. The Group has no held to maturity investments as of 31 December 2016 and 31 December 2015.

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Investment properties

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

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

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

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

Property, plant and equipment

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

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

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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 (continued)

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Financial leases

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

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

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

Operating leases

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

Intangible assets and related amortization

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

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

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

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

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

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

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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)

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

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

Web page development costs

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

Broadcasting programme rights

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

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

The Group Management has evaluated the estimations regarding the presentation of cost of domestic TV series in the financial report by considering the foreign sales of domestic TV series that is continuing to increase in recent years in the current period. As a result of this evaluation, some part of the domestic TV series costs which has been recognised in full as programme costs as of the date of the broadcasting, has been started to be recognised as programme rights as of 1 January 2016. In the presentation of domestic TV series costs as "programme rights", the criterias considered are that there will be no limitation about the right to sell domestic TV series to abroad, the domestic TV series have been broadcasted for at least six episodes or have the commitment to be broadcasted and there is a potential of sale of the domestic TV series to abroad. If the domestic TV series which have been presented as "programme rights" have been presented as "programme stocks", the programme cost would be TL 52,433 more in the current period.

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

2.2 Summary of Significant Accounting Policies (continued)

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

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

Taxation

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

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

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

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

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

Current and deferred tax

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

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

2.2 Summary of Significant Accounting Policies (continued)

Financial borrowings and borrowing costs

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

Financial liabilities regarding to put options of non-controlling interests

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

Employment termination benefits

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

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

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

Provisions, contingent assets and liabilities

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Provisions, contingent assets and liabilities (continued)

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

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

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

Share capital and dividends

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

Revenue recognition

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

a) Publishing and broadcasting segments

Revenue from advertisements

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

Subscription income

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

Revenues from circulation, magazine sales and distribution

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

Newspaper sales returns and provisions

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

Revenue from printing services

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

b) Energy segment

Revenue is the fair value of amount of electricity delivered the event that the consideration received or receivable. Revenue is recorded at the invoiced amounts, on accrual basis. Net sales are shown after deducting, invoiced electricity delivery, sales commissions and sales taxes. Revenue obtained from transmission charges, is shown in the financial statements by netting off with related costs.

Fuel sales are measured over the fair value of collected or collectable receivable amounts. Estimated customer returns, discounts and allowances are deducted from the amount in question. Revenue obtained from the sale of fuel is recognised when significant risks and rewards related to product to the buyer are transferred, revenue is reliably measured, in case of an inflow of probable economic benefits associated with the transaction and occurring or to be occurred costs regarding the transaction can be measured reliably.

c) Retail

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

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

d) Other segment

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

Real estate sales (Revenue proceeds from buyers)

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

Tourism income

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

Rental income

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

Vehicle sale

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

Barter agreements

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

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

2.2 Summary of Significant Accounting Policies (continued)

Business combinations

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

2.2 Summary of Significant Accounting Policies (continued)

Business combinations (continued)

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

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

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

Goodwill

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Goodwill (continued)

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

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

Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

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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)

Foreign Group companies

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

A significant portion of the Group's foreign operations is performed in Russia, Europe and Slovenia ("Russia and Eastern Europe ("EE")). Foreign currencies and exchange rates at 31 December 2016 and 31 December 2015 are summarized below:

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

Segment Reporting

Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. The Group operations were monitored and reported as five main segments as of 31 December 2016; "Publishing", "Broadcasting" "Retail", "Energy" and "Other" by the management. The Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements. As the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary (Note 5).

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

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

2.2 Summary of Significant Accounting Policies (continued)

Earnings/ (loss) per share

Earnings/ (loss) per share is determined by dividing net income/ (loss) by the weighted average number of shares that have been outstanding during the period concerned (Note 32).

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

Non-current assets held for sale and discontinued operations

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

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

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

Government grants

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Events after the reporting period

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

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

Statement of cash flows

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

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

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

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

a) Impairment of goodwill and intangible assets

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

The analysis for goodwill impairment for the periods ended 31 December 2016 and 31 December 2015 has been performed as explained in detail below by the Group.

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (continued)

2.3.1 Critical accounting estimates and assumptions (continued)

a) Impairment of goodwill and intangible assets (continued)

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

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

⁽¹⁾ Average budgeted EBITDA margin in the projection period

⁽²⁾ Weighted average cost of capital rate.

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

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

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (continued)

2.3.1 Critical accounting estimates and assumptions (continued)

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

As of November 2011, the Group management has considered the VAT principle amounting to TL 454.281 imposed as a consequence of share exchanges and transfers recognised in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon (the related subsidiary merged with D Yapım in 2013 and dissolve without liquidation) and Alp Görsel (the related subsidiary merged with Doğan TV in 2014 and dissolved without liquidation) and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of "recourse VAT invoice" by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TL 145.328, TL 222.662 and TL 86.291 have been recognised in the statutory records of D Yapım, Doğan Prodüksiyon and Alp Görsel, respectively. Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognise the input VAT amounting to TL 454.281 as an asset in the consolidated financial statements as it will be used in future tax periods. Accordingly, where practicable, input VAT that can be offset against the recourse VAT in the related taxation periods can be recognised in the statement of income in the respective periods (Note 27). Deductible VAT amount is TL 427.402 (31 December 2015: TL 432.734) in statutory accounts as of 31 December 2016.

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

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

d) Useful lives of intangible assets

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

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

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

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

2.3.2 Critical accounting judgments

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

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

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

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NOTE 3 - BUSINESS COMBINATIONS

Current period business combinations

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

Prior period business combinations

Share Purchase of Aytemiz Akaryakıt Dağıtım A.Ş

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

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

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

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

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

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Prior period business combinations (continued)

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

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

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

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Prior period business combinations (continued)

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

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

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

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

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

Effect of the acquisition to the financial results of the Group

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

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

Acquisition of Aytemiz Petrolcülük and Gaziemir Petrol

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

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Prior period business combinations (continued)

Share Purchase of Güvenilir Turistik Yatırım ve İşletmeleri A.Ş.

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

NOTE 4 – INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

Joint venture	Country	Nature of business	Entrepreneurial partner
Aslancık Elektrik Üretim A.Ş.ve ("Aslancık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. ve Anadolu Endüstri Holding A.Ş.
ASPM Holding B.V.	Netherland	Internet publishing	Autoscout24 GmbH
Boyabat Elektrik Üretim ve Ticaret A.Ş. Unit Investment N.V. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
DD Finansman A.Ş. ("DD Finansman")	Turkey	Finance	Deutsche Bank AG
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Burda GmbH
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Egmont
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Newage Alzarooni Limited
Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet Petrol")	Turkey	Energy	Hakiki Petrol Limited Şirketi
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul")	Turkey	Real estate	Rönesans Gayrimenkul Yatırım A.Ş.
SP Pronto Kiev	Ukraine	Newspaper and Internet publishing	Feba Ltd., Tov Astra Publishing International Holding B.V.
TOV E-Prostir	Ukraine	Internet publishing	Adrey I. Parkhomenko, Dimitrienko S. Nadia G. Malyarova
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.

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

The table below sets out the Joint Ventures, Doğan Holding and its subsidiaries and Doğan family voting power and effective ownership interests at 31 December 2016 and 31 December 2015:

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
ASPM Holding B.V.	51,00	51,00	-	-	51,00	51,00	38,53	31,11
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
DD Finansman	48,00	48,00	3,00	3,00	51,00	51,00	48,00	48,00
Doğan Burda	45,02	45,02	0,27	0,27	45,29	45,29	45,02	45,02
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	50,00	50,00
DPP	56,00	56,00	-	-	56,00	56,00	56,00	56,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Hakimiyet Petrol	50,00	50,00	-	-	50,00	50,00	25,00	25,00
İsedaş ⁽¹⁾	-	53,02	-	-	-	53,02	-	53,02
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	37,77	30,50
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	37,77	30,50
Ultra Kablolu ⁽²⁾	50,00	50,00	-	-	50,00	50,00	50,00	50,00

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

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

Profit and loss arising from the transactions between the Group's subsidiaries and its joint ventures are eliminated in accordance with the Group's share in its related subsidiary or its joint venture. The summary of the Group's share of the financial statements of the investments accounted for by the equity method as of 31 December 2016 and 31 December 2015 are as follows:

31 December 2016	Total assets	Total liabilities	Net assets	Group's share on net assets	Net sales	Profit/(loss) for the period	Group's share on net profit/(loss)
DD Finansman	85.756	77.581	8.175	3.924	25.259	(43.348)	(20.807)
Gas Plus Erbil	441.627	7.188	434.439	217.220	-	(2.434)	(1.217)
Kandilli Gayrimenkul	147.835	4.505	143.330	71.665	-	6.028	3.014
Doğan Burda	54.224	27.689	26.535	11.946	89.485	(3.977)	(1.790)
Other	62.040	25.728	36.312	18.716	55.907	431	189
Total	791.482	142.691	648.791	323.471	170.651	(43.300)	(20.611)
Aslancık Elektrik	462.297	464.372	(2.075)	(692)	102.689	(44.673)	(14.890)
Boyabat Elektrik ⁽¹⁾	2.085.027	2.882.785	(797.758)	(226.601)	255.442	(490.045)	(133.571)

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

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

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

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

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

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

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

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

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

Condensed statement of financial position information:

31 December 2016	Boyabat Elektrik	Aslancık Elektrik	DD Finansman	Gayrimenkul	Kandilli	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	49.661	6.711	34.778	35		49	14.926	6.571	112.731
Other current assets	99.108	20.135	50.021	1.794		-	34.631	48.223	253.912
Other non-current assets	1.936.258	435.451	957	146.006		441.578	4.667	7.246	2.972.163
Total assets	2.085.027	462.297	85.756	147.835		441.627	54.224	62.040	3.338.806
Short-term borrowings	285.880	80.777	-	-		-	-	3.160	369.817
Other short-term liabilities	26.629	28.418	1.672	225		6.442	19.391	22.138	104.915
Liabilities regarding finance sector	-	-	75.909	-		-	-	-	75.909
Long-term borrowings	2.423.088	354.903	-	-		-	-	-	2.777.991
Other long-term liabilities	147.188	274	-	4.280		746	8.298	430	161.216
Total liabilities	2.882.785	464.372	77.581	4.505		7.188	27.689	25.728	3.489.848
Net assets:	(797.758)	(2.075)	8.175	143.330		434.439	26.535	36.312	(151.042)
Shares that aren't liability of the Group	(28.174)	-	-	-		-	-	-	-
Group's share	0,33	0,33	0,48	0,50		0,50	0,45	-	-
Group's net asset share	(226.601)	(692)	3.924	71.665		217.220	11.946	18.716	96.178

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

Condensed statement of financial position information (continued):

31 December 2015	Boşabat Elektrik	Aslanlık Elektrik	DD Finansman	Gayrimenkul	Kandilli	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	13.150	1.914	4.430	79	17.867	661	17.867	7.274	45.375
Other current assets	50.301	14.556	413.286	8	38.518	-	38.518	50.060	566.729
Other non-current assets	2.040.970	450.230	8.226	140.051	4.685	354.020	4.685	8.786	3.006.968
Total assets	2.104.421	466.700	425.942	140.138	61.070	354.681	61.070	66.120	3.619.072
Short-term borrowings	316.441	95.582	4.327	-	282	-	282	-	416.632
Other short-term liabilities	12.495	18.092	-	4	17.528	543	17.528	28.702	77.364
Liabilities regarding finance sector	-	-	388.296	-	-	-	-	-	388.296
Long-term borrowings	2.027.146	310.144	-	-	-	-	-	-	2.337.290
Other long-term liabilities	218.991	249	1.343	2.831	8.388	-	8.388	3.566	235.368
Total liabilities	2.575.073	424.067	393.966	2.835	26.198	543	26.198	32.268	3.454.950
Net assets:	(470.652)	42.633	31.976	137.303	34.872	354.138	34.872	33.852	164.122
Group's share	0.33	0.33	0.48	0.50	0.45	0.50	0.45	0.45	0.45
Group's net asset share:	(155.315)	14.210	15.348	68.652	15.699	177.069	15.699	18.153	153.816

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

1 January- 31 December 2016	Boyabat Elektrik	Aslancık Elektrik	DD Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	255.442	102.689	25.259	-	-	89.485	55.907
Depreciation and amortization	63.965	12.255	-	-	-	816	212
Operating profit	94.394	38.570	(36.314)	7.598	(2.358)	(4.303)	10.156
Net financial expense	(574.754)	(97.302)	(504)	-	(39)	(208)	(1.477)
Profit before income tax	(480.360)	(58.732)	(34.764)	433	(2.434)	(4.506)	2.173
Total comprehensive income/(expense)	(490.045)	(44.673)	(43.348)	6.028	(2.434)	(3.977)	431
<i>Group's share</i>	<i>0.33</i>	<i>0.33</i>	<i>0.48</i>	<i>0.50</i>	<i>0.50</i>	<i>0.45</i>	
Group's net share on profit	(133.571)	(14.890)	(20.807)	3.014	(1.217)	(1.790)	189
1 January- 31 December 2015	Boyabat Elektrik	Aslancık Elektrik	DD Konut Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	288.989	62.931	49.887	-	-	97.948	35.279
Depreciation and amortization	63.309	13.298	371	-	-	928	-
Operating profit	105.919	11.993	8.438	1.888	(752)	758	9.274
Net financial expense	(518.131)	(105.797)	(3.793)	2	(35)	(234)	(1.319)
Profit before income tax	(412.211)	(93.804)	(11.191)	1.890	(787)	4.553	3.927
Total comprehensive income/(expense)	(478.057)	(74.791)	(8.976)	1.512	(787)	3.516	2.977
<i>Group's share</i>	<i>0.33</i>	<i>0.33</i>	<i>0.48</i>	<i>0.50</i>	<i>0.50</i>	<i>0.45</i>	
Group's net share on profit	(157.759)	(24.928)	(4.308)	756	(394)	1.583	1.405

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

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

NOTE 5 - SEGMENT REPORTING

a) External revenue

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

b) Profit / (loss) before income tax

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

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NOTE 5 - SEGMENT REPORTING (Continued)

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

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

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended 1 January – 31 December 2015:

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

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NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets

	31 December 2016	31 December 2015
Total assets		
Publishing	1.706.149	1.712.737
Broadcasting	1.276.215	1.268.560
Retail	315.537	296.552
Energy	1.730.603	1.432.180
Other	9.025.193	8.406.226
Total	14.053.697	13.116.255
Less: segment elimination ⁽¹⁾	(6.221.801)	(5.667.817)
Total assets per consolidated financial statements	7.831.896	7.448.438
Shareholder's equity	31 December 2016	31 December 2015
Publishing and broadcasting	755.144	744.238
Retail	80.391	87.594
Energy	1.172.536	1.009.247
Other	7.737.620	7.379.968
Total	9.745.691	9.221.047
Less: segment elimination ⁽²⁾	(7.167.345)	(6.568.925)
Total shareholders' equity per consolidated financial statements	3.017.164	3.042.211
Non-controlling interests	438.818	390.089
Equity attributable to equityholders of the parent company	2.578.346	2.652.122

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

⁽²⁾ Segment elimination amount represents reciprocal elimination of adjusted capital amount within all segment's total equity and subsidiary amount

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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

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

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

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NOTE 6 – CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

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

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

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

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

b) Long-term financial investments

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

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

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

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NOTE 8 – SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowing

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

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

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

Details of the bank borrowings as of 31 December 2016 and 31 December 2015 are as follows:

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

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

The redemption schedule of long-term bank borrowings as of 31 December 2016 and 31 December 2015 is as follows:

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

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

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

Commitments and financial terms about borrowings

Publishing

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

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

Finance lease liabilities:

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

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

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

Allocation of borrowings with fixed and floating interest rates of the Group excluding financial liabilities to be paid to the suppliers as of 31 December 2016 and 31 December 2015 are as follows:

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

b) Other financial liabilities

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

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

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

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

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

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

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

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

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

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

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Guarantees for trade receivables

As of 31 December 2016, although trade receivables amounting to 221.016 TL (31 December 2015: TL 226.976), were overdue, they were not assessed as doubtful receivable (Note 34). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

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

The guarantees received for the total trade receivables of the Group consist of bank guarantee letter amounting to TL 9.553 (31 December 2015: TL 10.322), bails and mortgages amounting to TL 76.922 (31 December 2015: TL 59.427), cheques and notes amounting to TL 254.488 (31 December 2015: TL 72.543), receivable insurance amounting to TL 28.626 (31 December 2015: TL 20.926) and vehicle pledge amounting to TL 495 (31 December 2015: TL 234). Among these guarantees, bank guarantee letter amounting to TL 8.978, bails and mortgages amounting to TL 20.409, notes amounting to TL 12.915, vehicle pledge amounting to TL 495, receivable insurance amounting to TL 6.104 were received for overdue but not impaired receivables. (31 December 2015: bank guarantee letter amounting to TL 5.068, bails and mortgages amounting to TL 18.633, cheques and notes amounting to TL 12.751, vehicle pledge amounting to TL 234, receivable insurance amounting to TL 4.192 were received for overdue but not impaired receivables) (Note 34).

Short-term trade payables to non-related parties

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

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

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES

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

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

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

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

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

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

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

⁽¹⁾ The related balance consists of the payables amounting to USD 58.260 of the Group's subsidiary Aytemiz Akaryakit to Aytemiz Family with an interest rate of 2.5% and which will be paid in two equal installments by 7 and 14 months maturity. The net discounted amount with the finance cost of the related payable is USD 60.469 (TL 212.803) (31 December 2015: USD 58.260 principal amount, USD 59.441 (TL 172.831) the net discounted amount with the finance cost).

NOTE 11 - INVENTORIES

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

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

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

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NOTE 11 - INVENTORIES (Continued)

The movement of the provision for impairment of inventories for the periods ended 31 December 2016 and 2015 are as follows:

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

NOTE 12 - BIOLOGICAL ASSETS

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

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NOTE 13 - INVESTMENT PROPERTIES

The movements of investment properties for the periods ended 31 December 2016 and 2015 are as follows.

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

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

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

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

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

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

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

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NOTE 13 - INVESTMENT PROPERTIES (Continued)

As of 31 December 2016, the investment properties of the Group comprise of parts of buildings held to earn rentals, lands and properties acquired within the context of barter agreements.

Level reclassification of financial assets and liabilities measured at fair value

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

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

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

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the periods ended 31 December 2016 and 2015 are as follows:

	1 January 2016	Additions	Disposals	Transfer	Disposal of subsidiary	Adjustments ^(a)	Currency translation differences	31 December 2016
Cost:								
Land and land improvements	147.923	858	(15)	20.413	-	12.138	1.504	182.821
Buildings	190.623	1.840	(4.851)	(49.026)	-	(14.097)	5.680	130.169
Machinery and equipment	1.224.922	9.757	(7.065)	3.396	-	(16.517)	14.142	1.228.635
Motor vehicles	89.727	130.609	(13.400)	-	-	(277)	338	206.997
Furniture and fixtures	478.658	35.370	(18.334)	1.770	-	(4.558)	2.583	495.489
Development costs of leased tangible assets	117.586	15.880	(4.840)	295	-	(7.664)	583	121.640
Other tangible assets	88.617	39.779	(784)	-	-	(2.611)	313	125.314
Construction in progress	78.317	62.491	(959)	(18.067)	-	(706)	77	121.153
	2.416.173	296.584	(50.248)	(41.219)	-	(34.292)	25.220	2.612.218
Accumulated depreciation:								
Land and land improvements	5.063	495	-	-	-	(9)	-	5.549
Buildings	107.764	7.347	(904)	(22.330)	-	(9.737)	2.490	84.630
Machinery and equipment	833.696	58.509	(3.763)	(1.184)	-	(18.765)	13.621	882.114
Motor vehicles	55.480	12.572	(10.371)	3.617	-	(4.189)	292	57.401
Furniture and fixtures	262.621	41.899	(9.833)	(229)	-	(3.571)	2.297	293.184
Development costs of leased tangible assets	74.842	11.921	(3.458)	-	-	(9.888)	268	73.685
Other tangible assets	35.618	12.468	(492)	-	-	-	160	47.754
	1.375.084	145.211	(28.821)	(20.126)	-	(46.159)	19.128	1.444.317
Net book value	1.041.089							1.167.901

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

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

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

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2015	Additions	Disposals	Transfers	Disposal of subsidiary	Acquisition of subsidiary ⁽¹⁾	Currency translation differences	Adjustment ⁽²⁾	31 December 2015
Cost:									
Land and land improvements	106.215	1.023	(135)	8.075	-	33.723	915	(1.893)	147.923
Buildings	132.073	236	(2.113)	(763)	-	39.773	1.925	19.492	190.623
Machinery and equipment	1.132.377	15.625	(18.060)	2.849	(25)	113.020	3.010	(23.874)	1.224.922
Motor vehicles	111.802	15.111	(48.229)	203	-	10.771	415	(346)	89.727
Furniture and fixtures	482.838	59.324	(45.627)	2.015	-	2.903	(1.909)	(20.886)	478.658
Development costs of leased tangible assets	137.632	5.620	(2.637)	(315)	-	99	(12)	(23.001)	117.386
Other tangible assets	9.546	23.172	(418)	-	-	56.317	-	-	88.617
Construction in progress	10.218	45.659	(2.908)	(5.329)	-	35.551	(2.552)	(2.322)	78.317
	2.122.701	165.770	(120.127)	6.735	(25)	292.157	1.792	(52.830)	2.416.173
Accumulated depreciation:									
Land and land improvements	5.987	433	(135)	-	-	-	-	(1.222)	5.063
Buildings	77.511	5.966	(226)	(3.312)	-	3.000	4.487	20.338	107.764
Machinery and equipment	792.041	64.609	(11.500)	-	(25)	15.372	3.809	(30.610)	833.696
Motor vehicles	62.448	8.692	(20.459)	-	-	6.759	(1.241)	(719)	55.480
Furniture and fixtures	273.690	44.077	(32.959)	-	-	1.471	(6.111)	(17.547)	262.621
Development costs of leased tangible assets	89.758	10.219	(938)	-	-	68	(1.146)	(23.119)	74.842
Other tangible assets	832	6.574	(238)	-	-	28.450	-	-	35.618
	1.302.267	140.570	(66.455)	(3.312)	(25)	55.120	(202)	(52.879)	1.375.084
Net book value	820.434								1.041.089

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

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

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NOTE 15 – INTANGIBLE ASSETS

Other intangible assets:

Movements of the intangible assets for the periods ended 31 December 2016 and 2015 are as follows:

	1 January 2016	Additions	Disposals	Currency translation differences	Adjustment	Disposal of Subsidiary	Impairment ⁽²⁾	Transfer	31 December 2016
Cost									
Customer list	221.027	-	-	68.265	-	-	-	-	289.292
Trade names	7.876	-	-	-	-	-	-	-	7.876
Trade names related to Media segment	146.760	-	(5)	76.050	-	-	-	-	222.805
Electricity production license	354.644	-	-	-	-	-	-	-	354.644
Other	511.106	58.258	(3.632)	18.117	73	-	-	675	584.597
	1.241.413	58.258	(3.637)	162.432	73	-	-	675	1.459.214
Accumulated amortization:									
Customer list	120.383	7.813	-	44.099	-	-	61.279	-	233.574
Trade names	1.181	1.575	-	-	-	-	-	-	2.756
Trade names related to Media segment	19.535	732	-	4.124	-	-	10.543	-	34.934
Electricity production license	14.447	7.647	-	-	-	-	-	-	22.094
Other	376.349	41.388	(2.373)	13.035	204	-	5.326	-	433.929
	531.895	59.155	(2.373)	61.258	204	-	77.148	-	727.287
Dealer agreements	135.251								225.467
Television programme rights	109.203								159.478
	953.972								1.116.872

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

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

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

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

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NOTE 15 – INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

	1 January 2015	Additions	Disposals	Currency Translation differences	Acquisition of Subsidiary ⁽¹⁾	Disposal of Subsidiary	Impairment ⁽²⁾	Transfer	Adjustment ⁽³⁾	31 December 2015
Cost:										
Customer list	226.395	-	-	(5.368)	-	-	-	-	-	221.027
Trade names related to Media segment	197.875	-	-	(6.153)	7.876	-	(44.962)	-	-	154.636
Electricity production license	356.367	-	-	-	-	-	-	-	(1.723)	354.644
Other	484.332	47.748	(25.458)	3.858	3.561	(1.261)	-	(114)	(1.560)	511.106
	1.264.969	47.748	(25.458)	(7.663)	11.437	(1.261)	(44.962)	(114)	(3.283)	1.241.413
Accumulated amortization:										
Customer list	111.993	11.839	-	(3.449)	-	-	-	-	-	120.383
Trade names related to Media segment	18.750	2.288	-	(322)	-	-	-	-	-	20.716
Electricity production license	14.403	766	-	-	-	-	-	-	(722)	14.447
Other	350.351	41.775	(15.006)	(1.695)	1.945	(305)	-	-	(716)	376.349
	495.497	56.668	(15.006)	(5.466)	1.945	(305)	-	-	(1.438)	531.895
Dealer agreement	-	-	-	-	-	-	-	-	-	135.251
Television program rights	82.797	-	-	-	-	-	-	-	-	109.203
	852.269									953.972

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

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

⁽³⁾ The group management has reconsidered the carrying value of intangible assets in the period and after this assessment, cost and depreciation reclassification between the fixed asset items and net book value adjustment of TL 1,845 has been reflected in the current period financial statements.

Movement of television programme rights for 2015 is as follows:

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

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NOTE 15 – INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

Intangible assets with indefinite useful lives

As of 31 December 2016, the Group has determined that trademarks with carrying value of TL 229.907 have indefinite useful lives (31 December 2015: TL 169.723). The utilization period of trademarks with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Goodwill

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

	2016	2015
1 January	403.713	395.567
Acquisition of subsidiary (Note 3)	-	8.146
31 December	403.713	403.713

NOTE 16 - GOVERNMENT GRANTS

Ditaş, a subsidiary of the Group, benefits from the insurance premium incentive, regional incentive (Law no: 56486), incentive of the social security institution and minimum wage (Law no: 56645) under the scope of Social Security and General Health Insurance Law (Law no: 5510). In this context, the incentive of the insurance premium amounting to TL 385 (31 December 2015: TL 869) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 December 2016. The duration of the above-mentioned incentives as of 31 December 2016 is until 31 December 2017.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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

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

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

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

a) Lawsuits

The amount of lawsuits filed against the Group is TL 85.208 as of 31 December 2016 (31 December 2015: TL 75.966)

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

Provision for lawsuits filed against the Group whose details are given above amounting to TL 36.459 has been provided with reference to the opinions of the Group's legal advisors and past experience of management related to similar litigations against the Group (31 December 2015: TL 37.315). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against publishing and broadcasting companies and lawsuits initiated by the Radio and Television Supreme Council.

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

Amendment of the Share Purchase and the Shareholder Agreements

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

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

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

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

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

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

Option Exercise Table:

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

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

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

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

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

a. In case of an initial public offering of the "Axel Shares" between the dates 01 January 2015 and 31 January 2022, the following shall be applicable for the value of the "Axel Shares" based on the three months average share price following the initial public offering ("Value of the Share Sold")

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Option Exercise Table:

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

As abovementioned in Option Use Table, DTV Put Option/2016 has been expended by Commerz Film GmbH in 29 January 2016 and relevant guarantee letter was returned.

The liability for unconditional "commitment to buy" of Doğan Holding mentioned above was recorded under "other long-term financial liability" in the consolidated financial statements as of 31 December 2016 amounting to TL 519,829 (31 December 2015: TL 693,095) calculated over discounted cash outflows that will take place in the future. "Non-controlling interests" as the amount representing the shares belonging to Axel Springer were removed from the consolidated financial statements. Since the transaction did not result in any change of control over DTV on the date of transfer of shares, the difference between recorded financial liabilities and removed non-controlling interests was directly recognised under equity.

c) Doğan TV Digital Platform İşletmeciliği A.Ş.

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

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

d) Other

Milpa:

The Land of Ömerli

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa"), a subsidiary of the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at Istanbul Province, Pendik District, Kurtdoğan Village with an area of m² 2.238.207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 20 January 2017 prepared by the Real Estate Appraisal Company on the list of CMB. Because of the qualifications of farm land due to the legal uncertainties stated below, Ömerli land hasn't been recognised under normal business operations of Milpa (project development, construction and sale etc.), and has been recognised as "investment properties" in accordance with TAS 40 ("Investment Properties"), in the context of Paragraph 8/(b).

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

According to the İstanbul Environmental Recreation Plan, scale of 1/100.000 and dated 15 June 2009, a significant part of the land of which parcel no is 1154, is located partially within the borders of "Habitat Park Area", "Military Land and Military Security Area", and "Forest Area". The report on the Basin Location Information of the Istanbul Water Supply and Sanitation Administrative General Directory dated as 30 November 2016 states that 2,586 m² of parcel no 1154 and 142,012 m² of parcel no 1155 are parts of the Forest Area. The related parcels are located in both the medium range (1000 m. – 2000 m.) protected area and the long range (2000 m. – 5000 m.) protected area of Ömerli Reservoir Basin.

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

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

d) Other (continued)

Milpa (continued):

The Land of Ömerli (continued)

The aforementioned court has decided to cancel the land register of the aforementioned 144.266 m² and parcel No: 1155 of land belonging to Milpa and registered the land as forest title in the name of the treasury at 23 December 2014. In accordance with the decision for parcel No 1155 being registered as forestry land, it has been excluded from the financial statements as at 31 December 2014. Following the notification of the decision no 2013/320 at 9 January 2015, appeal to a superior court on 13 February 2015 has been made, lawsuit process is still ongoing. With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area and Milpa appealed to this plan within the legal deadline. As of the date of the preparation of these financial statements, no response was received regarding the change in land development plan and the appeal to this change regarding the land in Pendik, Kurtdoğan Village. It is also known that there have been objections to the relevant construction plan from third parties as well. After the appeals to the development plan, no information has been received from the relevant authorities regarding the evaluations by Milpa. During the 8 years, no lower scale plans have been made and the zoning status of the land has not been identified yet. Planning and nationalization work is being performed regarding Kuzey Marmara Otoyolu Project near Ömerli land and based on the letter from General Directorate of Highways dated 5 December 2016, it has been stated that the relevant parcels were not subject to any expropriation and they are out of scope for expropriation. Because the planning process is conducted by multiple government agencies, only monitoring of the processes is performed. Based on the appeal from the real estate appraisal company, letter communicated from Istanbul Metropolitan Municipality dated 30 November 2016, development plan proposal and report of a part of Yenişehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including 1154 and 1155 parcels and Ballica, Emirli, Kurna and Kurtdoğan neighborhoods were referred to Istanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations.

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

The updated revaluation reports are obtained from CMB licensed real estate companies every year for the "investment properties" of Milpa that comprises of TL 165.631 (31 December 2015: TL 84.909) of Ömerli Land.

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

d) Other (continued)

Milpa (continued):

The Land of Ömerli (continued)

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

162.280 m² part that corresponds to 186/2400 share of parcel no: 1154 of Ömerli Land has been purchased from the landowners for a cash consideration of a total of USD 7.988 (TL 24.188) (2015: None) excluding VAT in accordance with the "assignment agreement" made in exchange for the waiving from all legal claims against Milpa and all rights arising from the building construction shared floor/revenue in return arrangement form land share for the period ending on 31 December 2016.

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NOTE 18 - COMMITMENTS

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

	31 December 2016				31 December 2015					
	TL Equivalent	TL	USD	EUR	Other	TL Equivalent	TL	USD	EUR	Other
A. CPM's given in the name of its own legal personality										
Collaterals ⁽¹⁾	1.552.942	619.113	82.413	173.536	-	1.383.096	501.820	52.618	229.193	-
Pledge ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-
Mortgage ^{(2) (5)}	24.114	-	-	6.500	-	20.654	-	-	6.500	-
B. CPM's given on behalf of the fully consolidated companies										
Collaterals ^{(1) (3)}	35.022	1.377	8.176	-	85.000	28.005	1.572	9.091	-	-
Pledge ⁽⁴⁾	-	-	-	-	-	112	112	-	-	-
Mortgage ⁽⁵⁾	357.056	1.598	99.949	1.002	-	410.456	6.369	102.656	33.234	-
C. CPM's given on behalf of 3rd parties for ordinary course of business										
D. Total amount of other CPM's given	-	-	-	-	-	-	-	-	-	-
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total	1.969.134					1.842.323				

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

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

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

⁽⁴⁾ 33,33% shares of Aslançık Elektrik (55.000.000 (exact) shares). 33% shares of Boyabat (9.372.000 (exact) shares) and 100% shares of D-Tes (444.000.000 (exact) shares) were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.

⁽⁵⁾ Bails of the Group has been presented in mortgages in the above table.

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NOTE 18 - COMMITMENTS (Continued)

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

Other CPM's given by the Group to equity ratio is 0% as of 31 December 2016 (31 December 2015: 0%). The details of letter of guarantees and guarantee notes given by the Group are as follows:

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

b) Guarantees and mortgages given

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

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

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

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NOTE 18 - COMMITMENTS (Continued)

c) Barter agreements

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

The Group has made barter agreements which is a common practice in the media sector. These agreements involve the exchange of goods and services without any cash consideration paid or collected. As of 31 December 2016, the Group has unused advertising commitments amounting to TL 8.383 (31 December 2015: TL 10.122) within the scope of these agreements.

NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2016	31 December 2015
Other current assets		
Value added tax ("VAT") receivables	27.043	30.358
Programme stocks	20.354	9.863
Personnel advances	7.674	7.398
Prepaid tax and funds	6.675	22.488
Job advances	2.325	2.740
Other	1.766	2.934
	65.837	75.781
Provision for impairment on programme stocks (-)	(6.496)	(1.081)
Provision for other doubtful receivables (-)	(421)	(645)
	58.920	74.055
	31 December 2016	31 December 2015
Other non-current assets		
Value added tax ("VAT") receivables	119.584	122.601
Blocked deposits ⁽¹⁾	-	304
Other	-	161
	119.584	123.066

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

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NOTE 20- PREPAID EXPENSES AND DEFERRED INCOME

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

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

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

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

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

⁽³⁾ Short term advances given amounting TL 3.928 (31 December 2015: TL 2.707) and long-term advances given amounting to TL 18.761 (31 December 2015: TL 26.897) consist of prepayments made by Doğan TV Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games are refunded to Doğan TV Holding in the case of cancellation of games.

⁽⁴⁾ Advances given and prepayments amounting to TL 10.516 (31 December 2015: 11.070) comprise of advances given to dealers, by Aytemiz, one of the subsidiaries of Doğan Holding.

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

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

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

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

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

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

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NOTE 21 – DERIVATIVE INSTRUMENTS

Currency derivative transactions

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

	31 December 2016		31 December 2015	
	Asset	Liability	Asset	Liability
Currency derivative transactions	551	-	-	-
Total	551	-	-	-

NOTE 22 – PROVISION FOR EMPLOYMENT BENEFITS

a) Payables regarding benefits provided to employees

The details of payables regarding benefits provided to employees as of 31 December 2016 and 31 December 2015 are as follows:

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

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NOTE 22 – PROVISION FOR EMPLOYMENT BENEFITS (Continued)

b) Short term provision regarding employment benefits

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

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

c) Long term provision regarding employment benefits

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

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

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

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 December 2016, the maximum amount payable equals to one month of salary is TL 4.297,21 (exact) (31 December 2015: TL 3.828,37 (exact)) for each year of service.

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

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

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

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NOTE 22 – PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provision regarding employment benefits (continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2016, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

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

Discount rate applied as 11,20% (1) (31 December 2015: 10,72%), inflation rate applied as 6,50% (2) (31 December 2015: 5,90%) and increase in wages applied as 6,50% (31 December 2015: 5,90%) in the calculation.

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

⁽¹⁾ Discount rate used for calculating the severance payment liability is determined as the 8 years of Government Bond compound interest of 11,20%.

⁽²⁾ The upper band inflation rate of Central Bank of the Republic of Turkey has been used in calculating the liability for severance payment.

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

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

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

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

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

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NOTE 23 – EQUITY

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

Doğan Holding's registered capital ceiling and issued capital at 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Registered authorized capital	4.000.000	4.000.000
Issued capital	2.616.938	2.616.938

There are no privileged shares of Doğan Holding.

The ultimate shareholders of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity as of 31 December 2016 and 31 December 2015 are as follows:

Shareholder	Share (%)	31 December 2016	Share (%)	31 December 2015
Adilbey Holding A.Ş.	49,32	1.290.679	49,32	1.290.679
Doğan Family	14,41	377.126	14,41	377.126
Publicly traded on Borsa İstanbul ⁽¹⁾	36,27	949.133	36,27	949.133
Issued capital	100,00	2.616.938	100,00	2.616.938
Adjustment to issued capital		143.526		143.526
Repurchased shares (-)		(2.080)		-
Total		2.758.384		2.760.464

⁽¹⁾ In accordance with the "CMB" Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 35,95% of the shares (31 December 2015: 35,94%) are outstanding as of 31 December 2016 based on the Central Registry Agency's ("CRA") records.

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

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NOTE 23 – EQUITY (Continued)

Repurchased shares

With the decision dated 1 December 2016, the Board of Directors of the Group has authorized Company management for the repurchasing of Company shares by taking into consideration the announcements made by the CMB on 21 July 2016 and 25 July 2016, taking into account the fourth, fifth and sixth paragraphs of the fifth article of the CMB's Repurchase Share Notifications (II-22.1) and the eighth sentence of the twelfth article and the CMB's announcements. In this context, it has been decided that the maximum amount of fund allocated for redemption shall be TL 5,200 and the maximum number of shares to be repurchased will not exceed this amount.

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

Share premiums (discounts)

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

	31 December 2016	31 December 2015
Share premiums	163.724	163.724
Share discounts (-)	(128.565)	(128.565)
Total	35.159	35.159

Restricted Reserves

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

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

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

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

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

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NOTE 23 – EQUITY (Continued)

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

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

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

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. Accordingly, fair value increase at the initial transfer amounting to TL 48.007 (31 December 2015: 11.662 TL) is recognised as revaluation reserve under shareholders equity.

ii. Actuarial gains (losses) in defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. Group recognised all actuarial gains and losses in other comprehensive income. Actuarial loss recognised under equity in the financial position table amounts to TL 37.810 (31 December 2015: TL 31.032)

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

i. Revaluation and reclassification gains(losses)

Financial assets revaluation reserves are calculated by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation gains of assets held for sale presented under equity in the statement of financial position is TL 15.602 in the current period (31 December 2015: TL 514 gain).

ii. Gain (losses) from Cash Flow Hedges

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

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NOTE 23 – EQUITY (Continued)

Capital Reserves and Retained Earnings

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

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

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

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

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

Dividend Distribution

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

On the other hand,

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

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

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NOTE 23 – EQUITY (Continued)

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

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

- Under the legislation of "Communique on Financial Reporting in Capital Markets" (II-14.1) of CMB , according to the audited consolidated financial statements for the period 1 January-31 December 2015 that are prepared in accordance with the Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting and Auditing Standards Board for which the presentation principles have been determined as per the relevant resolutions of the CMB; when "Deferred Tax Income", "Current Tax Expense" and "Non-controlling Interests" are taken into consideration together, "Net Loss for the Period" amounting to Turkish Lira 160.820 has been observed, and after "Accumulated Losses" amounting to Turkish Lira 979.671 which has been calculated based on the Dividend Guide announced at 27 January 2014 and numbered 2914/2 in CMB Weekly Announcement and "Donation" amounting to Turkish Lira 3.556 in 2015 have been added to this amount, Turkish Lira 1.154.775 of "Net Loss for the Period" has been calculated and no dividend distribution has been made for the period 1 January – 31 December 2015 within the CMB regulations on profit distribution.
- In the financial records for the period 1 January 2015-31 December 2015 under the tax legislation and T. C. held by the Uniform Chart of Accounts issued by the Ministry of Finance, "Net Profit for the Period" amounting to Turkish Lira 410.750.912,87 ("exact") has been observed, and after "Current Tax for the Period" amounting to Turkish Lira 26.966.478,14 ("exact") has been deducted from this amount, it has been decided that the remaining amount of Turkish Lira 383.784.434,73 ("exact"), after the "General Legal Reserve" amounting to Turkish Lira 19.189.221,74 ("exact") has been allocated in accordance with the (a) subparagraph of Article 519 of TCC from the remaining amount of Turkish Lira 364.595.212,99 ("exact"), will be allocated to "Extraordinary Reserves" account.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution. As of the statement of financial position date, the Company's gross amount of resources that may be subject to the profit distribution based on the statutory records, excluding share premiums / discounts, amounts to TL 3.747.355 (31 December 2015: TL 2.662.743)

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NOTE 24- REVENUE AND COST OF SALES

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

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

Sales details of publishing industrial segment are presented below:

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

Sales details of broadcasting industrial segment are presented below:

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

Sales details of retail industrial segment are presented below:

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

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NOTE 24- REVENUE AND COST OF SALES (Continued)

Sales details of energy industrial segment are presented below:

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

Sales details of other industrial segment are presented below:

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

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

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

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

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

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NOTE 24- REVENUE AND COST OF SALES (Continued)

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

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

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

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

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NOTE 24- REVENUE AND COST OF SALES (Continued)

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

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

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

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

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

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

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NOTE 25 – MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES

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

Marketing expenses:

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

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

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NOTE 25 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

General administrative expenses:

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

NOTE 26 - EXPENSES BY NATURE

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

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

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

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

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

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

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

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

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

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NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES (continued)

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

NOTE 29 - FINANCE INCOME AND EXPENSES

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

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

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

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

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

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

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NOTE 31 - INCOME TAXES

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis for all the subsidiaries consolidated on a line-by-line basis.

Corporate Tax

Corporate tax liabilities as of 31 December 2016 and 31 December 2015 are as follows:

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

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NOTE 31 – INCOME TAXES (Continued)

Turkey

The Corporate Tax Law has been amended as of 13 June 2006 by Law No: 5520. The majority of the clauses of Law No: 5520 are effective as of 1 January 2006. Corporate tax rate for the fiscal year 2016 is 20% (2015: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (investment allowance, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution. Dividends paid to non-resident companies having representative offices in Turkey and resident companies are not subject to withholding tax. Dividends paid to companies except for those companies are subject to 15% of withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

Tax Law No: 5024 "Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 requires income tax and corporate taxpayers whose earnings are determined based on the statement of financial position to prepare their statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira effective from 1 January 2004. The merger bonuses which occurred as a result of the mergers in POAŞ and Doğan Gazetecilik, were classified as an equalizing account, which is neither an asset nor a liability, by the Group, in its financial statements and applied an inflation adjustment for the calculation of the corporate tax in 2004, due to the related legal provisions and Tax Procedural Law, titled "Inflation Adjustment Application" with number 17 and dated 24 March 2005.

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

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

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

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

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NOTE 31 – INCOME TAXES (Continued)

Turkey (continued)

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

Exemption for participation in subsidiaries

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

Issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

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

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NOTE 31 – INCOME TAXES (Continued)

Russian Federation

The corporate tax rate effective in the Russian Federation is 20% (2015: 20%).

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

According to the Russian Federation's tax legislation, financial losses can be carried forward for 10 years to be deducted from future taxable income. Rights related to tax losses that have not been utilized in the related years are expired.

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

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

The tax rates at 31 December 2016 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

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

Belarus

Corporate tax rate effective in Belarus is %18 (2015: %18). Tax year is the calendar year in Belarus. Profit tax is calculated as progressive total. Payments regarding tax are made quarterly from the prior year results or expected current year profit. Financial losses are not allowed to be deducted from the period corporate income. Tax refund option is available. Consolidated tax reporting or payment isn't allowed for parent company and its subsidiaries. In general, dividends paid to foreign shareholders are subject to %12 withholding tax rate. This rate might decrease in bilateral tax agreements. Tax legislations in Belarus is subject to frequent changes.

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NOTE 31 – INCOME TAXES (Continued)

Kazakhstan

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

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

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

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

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

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

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NOTE 31 – INCOME TAXES (Continued)

Deferred tax

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

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

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

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2016 and 31 December 2015 using the enacted tax rates are as follows:

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

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

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NOTE 31 – INCOME TAXES (Continued)

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

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

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 December 2016, the Group does not recognise deferred tax asset from carry forward tax losses amounting to TL 1.353.465 (31 December 2015: TL 1.461.531).

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

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

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NOTE 31 – INCOME TAXES (Continued)

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

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

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

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

NOTE 32 - EARNING/ LOSS PER SHARE

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

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

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NOTE 33 - RELATED PARTY DISCLOSURES

As of the statement of financial position date, due from and to related parties and related party transactions for the periods ending 31 December 2016 and 31 December 2015 are described below:

i) Balances of related parties:

Short term trade receivables from related parties:

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

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

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

Other short term receivables from related parties:

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

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

Other long term receivables from related parties

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

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

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (continued):

Short term trade payables to related parties

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

⁽¹⁾ Comprises of the purchasing of magazines.

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

⁽³⁾ Comprises of the electricity purchases of the Group.

⁽⁴⁾ Comprises of the rent expenses of the Group.

ii) Transactions with related parties:

Product and service purchases from related parties

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

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

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

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

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

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (continued):

Product and service sales to related parties:

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

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

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

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

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

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

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

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

Financial income

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

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

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (continued):

Acquisition of property, plant and equipment and intangible assets:

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

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

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

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

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NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial Risk Management

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

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

a) Market Risk

a.1) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities as of 31 December 2016 and 31 December 2015 before consolidation adjustments and reclassifications are as follows:

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

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

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

a.1) Foreign currency risk (continued)

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

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

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

a.1) Foreign currency risk (continued)

31 December 2015	TL Equivalent	USD	EUR	Other
1. Trade Receivables	142.173	23.418	13.785	30.280
2a. Monetary Financial Assets (Cash, banks included)	1.748.013	410.687	171.931	7.572
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	121.801	41.867	20	5
4. Current Assets (1+2+3)	2.011.987	475.972	185.736	37.857
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	667	5	35	541
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	4.938	1.116	533	-
8. Non-Current Assets (5+6+7)	5.605	1.121	568	541
9. Total Assets (4+8)	2.017.592	477.093	186.304	38.398
10. Trade Payables	82.332	14.558	7.876	14.976
11. Financial Liabilities	877.735	127.965	156.875	7.178
12a. Other Monetary Liabilities	99.730	31.117	1.885	3.264
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	1.059.797	173.640	166.636	25.418
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.030.583	32.107	294.949	-
16a. Other Monetary Liabilities	84.841	29.179	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.115.424	61.286	294.949	-
18. Total Liabilities (13+17)	2.175.221	234.926	461.585	25.418
19. Net Asset / Liability Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(157.629)	242.167	(275.281)	12.980
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	(284.368)	199.184	(275.834)	12.975

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

a.1) Foreign currency risk (continued)

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

31 December 2016

	Income/Loss	
	Foreign currency appreciates	Foreign currency depreciates
	If the USD had changed by 10% against the TL	
1- USD net (liabilities)/assets	30.018	(30.018)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	30.018	(30.018)
	If the EUR had changed by 10% against the TL	
4- EUR net (liabilities)/assets	(107.821)	107.821
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	(107.821)	107.821
	If the other currencies had changed by 10% against the TL	
7- Other net (liabilities)/assets	1.506	(1.506)
8- Hedging amount of other (-)	-	-
9- Other net effect on (loss)/income (7+8)	1.506	(1.506)
TOTAL (3+6+9)	(76.297)	76.297

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

a.1) Foreign currency risk (continued)

31 December 2015

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

a.2) Interest rate risk

- Publishing/ Broadcasting

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2016 and 31 December 2015, the Group's borrowings at floating rates are predominantly denominated in USD and EUR.

- Other

Other operating segments are exposed to interest rate risk because of financial liabilities of these segments. Financial obligations in this segment are mainly composed of floating rate borrowings.

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

a.2) Interest rate risk (continued)

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

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

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

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

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

a.2) Interest rate risk (continued)

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

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

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

31 December 2016	Up to-1 year	1 - 5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	1.226.385	-	-	285.778	1.512.163
Financial investments (Note 7)	288.752	-	-	-	288.752
Total	1.515.137	-	-	285.778	1.800.915
Short and long term financial liabilities (Note 8) ⁽¹⁾	1.393.837	871.427	23.956	-	2.289.220
Other financial liabilities (Note 8)	-	519.829	-	-	519.829
Total	1.393.837	1.391.256	23.956	-	2.809.049
31 December 2015	Up to-1 year	1 - 5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	1.723.692	-	-	170.568	1.894.260
Financial investments (Note 7)	293.295	-	-	-	293.295
Total	2.016.987	-	-	170.568	2.187.555
Short and long term financial liabilities (Note 8) ⁽¹⁾	1.456.059	649.225	16.300	-	2.121.584
Other financial liabilities (Note 8)	175.395	517.700	-	-	693.095
Total	1.631.454	1.166.925	16.300	-	2.814.679

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

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

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases and their dispersion across many different industries.

The table representing the Group's credit risk of financial instruments as of 31 December 2016 is as follows:

	Trade Receivables			Other Receivables		
	Related Party	Other	Related Party	Other	Cash on deposit	
Maximum net credit risk as of the reporting date	8.523	1.510.932	10.726	46.128	1.504.688	
- The part of maximum risk under guarantee with collateral	-	370.084	-	-	-	
A. Net book value of neither past due nor impaired financial assets	8.523	1.289.916	10.726	46.128	1.504.688	
- Guaranteed amount by collateral	-	321.183	-	-	-	
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-	
C. Net book value of past due but not impaired assets (Note 9)	-	221.016	-	-	-	
- Guaranteed amount by collateral (Note 9)	-	48.901	-	-	-	
D. Impaired asset net book value	-	-	-	-	-	
- Past due (gross amount) (Note 9, 19)	-	273.204	-	421	-	
- Impairment (-) (Note 9, 19)	-	(273.204)	-	(421)	-	
- Net value collateralized or guaranteed part of net value	-	-	-	-	-	
- Not overdue (gross amount)	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	
- Net value collateralized or guaranteed part of net value	-	-	-	-	-	

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

b) Credit risk (continued)

The table representing the Group's credit risk of financial instruments as of 31 December 2015 is as follows:

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

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

b) Credit risk (continued)

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

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

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

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

c) Liquidity risk (Continued)

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

31 December 2016	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Short term and long term financial borrowing (Note 8)	2.289.220	2.417.348	468.313	1.012.791	902.005	34.239
Trade payables (Note 9)	939.110	953.928	696.825	257.103	-	-
Other financial liabilities (Note 8)	519.829	636.046	-	-	496.309	139.737
Other payables (Note 10)	351.564	368.305	138.758	110.098	119.449	-
Trade payables to related parties (Note 33)	25.403	25.403	-	25.403	-	-
Short-term provisions regarding employee benefits (Note 22)	51.263	51.263	-	51.263	-	-
Payables regarding employee benefits (Note 22)	36.796	36.796	-	36.796	-	-
Deferred income (Note 20)	63.700	63.700	56.243	-	7.457	-
Other short term provisions (Note 17)	40.498	40.498	-	40.498	-	-
Total	4.317.383	4.593.287	1.360.139	1.533.952	1.525.220	173.976

31 December 2015	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Short term and long term financial borrowing (Note 8)	2.121.584	2.256.788	1.197.218	347.776	689.981	21.813
Trade payables (Note 9)	733.847	742.819	647.070	95.749	-	-
Other financial liabilities (Note 8)	693.095	720.377	-	175.542	425.147	119.688
Other payables (Note 10)	263.354	269.610	149.819	16.296	103.495	-
Trade payables to related parties (Note 33)	27.129	27.129	27.129	-	-	-
Short-term provisions regarding employee benefits (Note 22)	44.070	44.070	-	44.070	-	-
Payables regarding employee benefits (Note 22)	23.394	23.394	-	23.394	-	-
Deferred income (Note 20)	41.424	41.424	40.014	-	1.410	-
Other short term provisions (Note 17)	39.262	39.262	-	39.262	-	-
Total	3.987.159	4.164.873	2.061.250	742.089	1.220.033	141.501

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

d) Fair value of financial instruments

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

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

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

Monetary assets

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

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

The carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values.

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the consolidated statement of financial position.

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

e) Capital risk management (Continued)

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

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

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

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

31 December 2016	Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Fair value thorough profit or loss	Carrying value	Note
Financial assets							
Cash and cash equivalents	1.512.163	-	-	-	-	1.512.163	6
Trade receivables from non-related parties	1.510.932	-	-	-	-	1.510.932	9
Trade receivables from related parties	8.523	-	-	-	-	8.523	33
Other receivables from non-related parties	46.128	-	-	-	-	46.128	10
Other receivables from related parties	10.726	-	-	-	-	10.726	33
Derivative instruments	551	-	-	-	-	551	21
Financial investments	-	114.882	-	-	-	114.882	7

Financial liabilities

Financial borrowings	-	-	2.289.220	-	-	2.289.220	8
Trade payables to non-related parties	-	-	939.110	-	-	939.110	9
Trade payables to-related parties	-	-	25.403	-	-	25.403	33
Other payables to non-related parties	-	-	351.564	-	-	351.564	10
Payables regarding employee benefits	-	-	36.796	-	-	36.796	22

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

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

31 December 2015	Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Fair value through profit or loss	Carrying value	Note
Financial assets							
Cash and cash equivalents	1.894.260	-	-	-	-	1.894.260	6
Trade receivables from non-related parties	1.233.384	-	-	-	-	1.233.384	9
Trade receivables from related parties	2.940	-	-	-	-	2.940	33
Other receivables from non-related parties	48.328	-	-	-	-	48.328	10
Other receivables from related parties	31.396	-	-	-	-	31.396	33
Financial investments	-	129.308	-	-	-	129.308	7
Financial liabilities							
Financial borrowing	-	-	2.121.584	-	-	2.121.584	8
Trade payables to non-related parties	-	-	733.847	-	-	733.847	9
Trade payables to related parties	-	-	27.129	-	-	27.129	33
Other payables to non-related parties	-	-	263.354	-	-	263.354	10
Payables regarding employee benefits	-	-	23.394	-	-	23.394	22

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

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NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

- First Level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- Second Level: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on prices from observable current market transactions.
- Third Level: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

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

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

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NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

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

NOTE 36 – SHARES IN OTHER OPERATIONS

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

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

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NOTE 37 – SUBSEQUENT EVENTS

Update on Registered Capital Ceiling Effective Date

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

Approval of Financial Statements

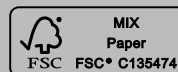
Consolidated financial statements prepared for the period ended as of 31 December 2016 are approved by the Board of Directors on 9 March 2017. The financial statements cannot be changed or modified by people who are not part of the Board of Directors.



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Doğan Şirketler Grubu Holding A.Ş.
Burhaniye Mahallesi Kısıklı Caddesi No: 65
34676 Üsküdar/Istanbul, Turkey
Tel: +90 216 556 90 00
Fax: +90 216 556 92 00
www.doganholding.com.tr



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