

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2014
INTO ENGLISH**

(ORIGINALLY ISSUED IN TURKISH)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS.....	1-2
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY.....	5-6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7-8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9-120
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS	9-12
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	13-40
NOTE 3 BUSINESS COMBINATIONS	41
NOTE 4 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD	41-44
NOTE 5 SEGMENT REPORTING	45-50
NOTE 6 CASH AND CASH EQUIVALENTS	51
NOTE 7 FINANCIAL INVESTMENTS	52
NOTE 8 SHORT AND LONG TERM FINANCIAL BORROWINGS	53-57
NOTE 9 TRADE RECEIVABLES AND PAYABLES	58-59
NOTE 10 OTHER RECEIVABLES AND PAYABLES	60-61
NOTE 11 INVENTORIES	62
NOTE 12 BIOLOGICAL ASSETS	62
NOTE 13 INVESTMENT PROPERTY	63
NOTE 14 PROPERTY, PLANT AND EQUIPMENT	64-65
NOTE 15 INTANGIBLE ASSETS	66-68
NOTE 16 GOVERNMENT GRANTS	69
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	69-75
NOTE 18 COMMITMENTS	76-78
NOTE 19 OTHER ASSETS AND LIABILITIES	78
NOTE 20 PREPAID EXPENSES AND DEFERRED INCOMES	79
NOTE 21 DERIVATIVE INSTRUMENTS	80
NOTE 22 PROVISION FOR EMPLOYMENT BENEFITS	80-82
NOTE 23 EQUITY	83-86
NOTE 24 REVENUE AND COST OF SALES	87
NOTE 25 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES	87
NOTE 26 EXPENSES BY NATURE	88
NOTE 27 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	89
NOTE 28 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	90
NOTE 29 FINANCE INCOME AND EXPENSE	91
NOTE 30 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	92
NOTE 31 INCOME TAXES	93-98
NOTE 32 (LOSS) / EARNINGS PER SHARE	99
NOTE 33 RELATED PARTY DISCLOSURES	100-103
NOTE 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	104-116
NOTE 35 FINANCIAL INSTRUMENTS	116-117
NOTE 36 SUBSEQUENT EVENTS	118-120
NOTE 37 DISCLOSURE OF OTHER MATTERS AFFECTING CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY TO BE DISCLOSED	120

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2014 AND 31 DECEMBER 2013

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

ASSETS	Notes	USD* 31 March 2014	Unaudited Current Period 31 March 2014	Audited Prior Period 31 December 2013
Current Assets		1.876.416	4.108.977	3.977.821
Cash and cash equivalents	6	1.117.711	2.447.564	2.216.361
Financial investments	7	50.874	111.403	136.465
Trade Receivables				
- Due from related parties	33	10.651	23.323	13.976
- Other trade receivables	9	379.838	831.768	788.342
Other Receivables				
-Due from related parties	33	2.085	4.566	5.785
-Other receivables	10	41.614	91.127	109.724
Derivative instruments	21	-	-	839
Inventories	11	124.827	273.346	273.817
Prepaid expenses	20	36.517	79.965	59.316
Biological assets	12	97	213	219
Other current assets	19	108.424	237.427	299.126
Sub-total		1.872.638	4.100.702	3.903.970
Non-current assets held for sale	30	3.778	8.275	73.851
Non-current assets		1.525.115	3.339.697	3.610.152
Trade Receivables	9	1.159	2.539	2.724
Other Receivables	10	12.939	28.334	22.687
Financial Investments	7	1.378	3.018	3.043
Investments accounted by the equity method	4	148.527	325.245	340.637
Investment property	13	104.200	228.177	226.164
Property, plant and equipment	14	403.891	884.441	901.284
Intangible assets				
- Goodwill	15	235.609	515.936	520.005
- Other intangible assets	15	476.143	1.042.657	1.055.844
Prepaid expenses	20	18.699	40.947	38.165
Deferred tax assets	31	62.010	135.790	132.903
Other non-current assets	19	60.560	132.613	366.696
Total assets		3.401.531	7.448.674	7.587.973

The consolidated financial statements for the interim period ended 31 March 2014 have been approved by the Board of Directors on 12 May 2014.

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2014 AND 31 DECEMBER 2013

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

LIABILITIES	Notes	USD* 31 March 2014	Unaudited 31 March 2014	Audited 31 December 2013
Current Liabilities		980.570	2.147.255	2.024.293
Short-term borrowings	8	275.845	604.045	612.530
Short-term portion of long-term borrowings	8	219.489	480.636	426.418
Other financial liabilities	8	98.587	215.885	199.365
Trade payables				
- Due to related parties	33	20.905	45.777	38.527
- Other trade payables	9	256.929	562.623	498.152
Payables related to				
employee benefits	22	15.392	33.705	26.399
Derivative instruments	21	1.321	2.896	2.440
Deferred income	20	23.972	52.494	66.447
Other payables	10	21.340	46.731	53.912
Current income tax liabilities	31	5.580	12.220	17.663
Short-term provisions				
- Short-term provisions for				
employment benefits	22	20.685	45.296	41.373
- Other short-term provisions	17	17.364	38.024	31.581
Other current liabilities		1.470	3.220	208
Sub-total		978.879	2.143.552	2.015.015
Liabilities related to asset groups held for sale	30	1.691	3.703	9.278
Non-Current Liabilities		645.177	1.412.807	1.563.245
Long-term borrowings	8	506.524	1.109.186	1.059.439
Other financial liabilities	8		-	183.182
Other payables	10	6.361	13.929	14.310
Deferred income	20	1.432	3.135	3.563
Long-term provisions				
- Long-term provisions for employment benefits	22	48.170	105.483	103.521
Deferred tax liability	31	82.629	180.941	199.145
Other non-current liabilities		61	133	85
EQUITY		1.775.784	3.888.612	4.000.435
Equity attributable to equity holders of the parent company	23	1.450.740	3.176.831	3.250.187
Share capital	23	1.118.824	2.450.000	2.450.000
Adjustments to share capital	23	65.543	143.526	143.526
Premiums/discounts related to shares	23	288	630	630
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss				
- Gain on revaluation of investment property	23	457	1.002	1.002
- Actuarial gains on defined retirement benefit plans	23	(13.507)	(29.577)	(29.577)
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss				
- Currency translation differences		60.643	132.797	143.215
- Gain/(loss) on revaluation and reclassification	23	(1.299)	(2.845)	(1.153)
Restricted reserves	23	527.934	1.156.070	1.142.663
Accumulated losses	23	(280.174)	(613.526)	(561.979)
Net (loss)/income for the period		(27.969)	(61.246)	(38.140)
Non-controlling interests		325.044	711.781	750.248
Total liabilities		3.401.531	7.448.674	7.587.973
Commitments	18			

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD 31 MARCH 2014**

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

	Notes	USD(*) 1 January- 31 March 2014	Unaudited 1 January 31 March 2014	Restated Unaudited 1 January- 31 March 2013
Continued Operations				
Revenue	24	377.138	825.856	775.753
Cost of Sales (-)	24	(302.968)	(663.440)	(580.174)
Gross profit / (loss) from operating activities	24	74.170	162.416	195.579
Marketing, selling, and distribution expenses (-)	25	(55.398)	(121.311)	(102.873)
General administrative expenses (-)	25	(42.370)	(92.782)	(87.130)
Other income from operating activities	27	35.907	78.629	71.453
Other expenses from operating activities (-)	27	(19.365)	(42.405)	(31.446)
Share of gain on investments accounted for by the equity method	4	(11.849)	(25.947)	(7.543)
Operating profit		(18.905)	(41.400)	38.040
Income from investment activities	28	19.258	42.171	27.370
Expenses from investment activities (-)	28	(14.673)	(32.132)	(17.499)
Operating profit/(loss) before finance expense		(14.320)	(31.361)	47.911
Finance income	29	30.558	66.917	6.030
Finance expenses (-)	29	(58.019)	(127.049)	(64.135)
Profit / (loss) before taxation		(41.781)	(91.493)	(10.194)
Tax expense from continued operations	31	(1.459)	(3.195)	(15.599)
Current income tax expense		(8.424)	(18.447)	(21.713)
Deferred tax income		6.965	15.252	6.114
Loss for the period from continued operations		(43.240)	(94.688)	(25.793)
Discontinued operations				
Discontinued operations period loss after tax	30	-	-	(751)
Loss for the period		(43.240)	(94.688)	(26.544)
Profit/ (loss) for the period attributable to:				
Non-controlling interests		(15.271)	(33.442)	(11.177)
Owners of the parent		(27.969)	(61.246)	(15.367)
Earning/ (loss) per share attributable to equity holders of the Parent Company	32	(0,011)	(0,025)	(0,006)
Earning/ (loss) per share attributable to equity holders of the Parent Company from continued operations (TL)	32	(0,011)	(0,025)	(0,006)
Earning/ (loss) per share attributable to equity holders of the Parent Company from discontinued operations (TL)	32	-	-	(0,0001)

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2014**

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

	USD(*) 1 January 31 March 2014	Unaudited 1 January 31 March 2014	Restated Unaudited 1 January- 31 March 2013
Notes			
Profit / (Loss) for The Period	(43.240)	(94.688)	(26.544)
OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income and loss that will be reclassified in profit or loss			
Change in financial assets fair value reserve	(773)	(1.692)	(4.034)
Change in currency translation reserve	(6.658)	(14.580)	(5.217)
OTHER COMPREHENSIVE (EXPENSE) / INCOME	(7.431)	(16.272)	(9.251)
TOTAL COMPREHENSIVE (EXPENSE) / INCOME	(50.671)	(110.960)	(35.795)
Allocation of Total Comprehensive (Expense)/ Income for the Period			
Attributable to non-controlling interests	(17.172)	(37.604)	(12.384)
Attributable to equity holders of the Parent Company	(33.499)	(73.356)	(23.411)

(*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from 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 at 31 March 2014.

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 1 JANUARY- 31 MARCH 2014 AND 2013**

(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				Accumulated income/loss				
	Notes	Share Capital	Adjustments to share capital	Gains on revaluation of investment property	Actuarial gains on defined retirement benefit plans	Share premium /discounts	Gain/(loss) on revaluation and reclassification of financial assets available for sale	Currency translation reserves	Restricted reserves	Retained earnings (losses)	Net income/(loss) for the period	Equity attributable to holders of the company	Non-controlling interest	Total shareholder's equity
Balances at 1 January 2013 (reported previously)		2.450.000	143.526	1.002	-	2.362	2.092	53.688	1.204.043	(831.377)	155.670	3.181.006	907.120	4.088.126
Effect of changes in accounting policy		-	-	-	(25.381)	(1.732)	-	(88)	-	27.113	-	(88)	(3.555)	(3.643)
Balances at 1 January 2013														
Balances (restated)		2.450.000	143.526	1.002	(25.381)	630	2.092	53.600	1.204.043	(804.264)	155.670	3.180.918	903.565	4.084.483
Transfers		-	-	-	-	-	-	-	(61.380)	217.050	(155.670)	-	-	-
Capital increase		-	-	-	-	-	-	-	-	-	-	-	(1.052)	(1.052)
Dividend payment of subsidiaries to non group companies		-	-	-	-	-	-	-	-	-	-	-	(735)	(735)
Change in subsidiary effective share ratio		-	-	-	-	-	-	-	-	-	-	-	2.580	2.580
Other ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	(1.501)	(1.501)
Total comprehensive income/ (expense)		-	-	-	-	-	(4.034)	(4.010)	-	-	(15.367)	(23.411)	(12.384)	(35.795)
- Currency translation differences		-	-	-	-	-	-	(4.010)	-	-	-	(4.010)	(1.207)	(5.127)
- Change in the financial asset fair value reserve net		-	-	-	-	-	(4.034)	-	-	-	-	(4.034)	-	(4.034)
- Net profit/ (loss) for the period		-	-	-	-	-	-	-	-	-	(15.367)	(15.367)	(11.177)	(26.544)
Balances at 31 March 2013		2.450.000	143.526	1.002	(25.381)	630	(1.942)	49.950	1.142.663	(587.214)	(15.367)	3.157.507	890.473	4.047.980

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 1 JANUARY- 31 MARCH 2014 AND 2013**

(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			Accumulated income/loss					
	Notes	Share Capital	Adjustments to share capital	Gains on revaluation of investment property	Actuarial gains on defined retirement benefit plans	Share premium /discounts	Gain/(loss) on revaluation and reclassification of financial assets available for sale	Currency translation reserves	Restricted reserves	Retained earnings (losses)	Net income/ (loss) for the period	Equity Attributable to holders of the company	Non- controlling interest	Total shareholder's equity
Balances at 1 January 2014	23	2.450.000	143.526	1.002	(29.577)	630	(1.153)	143.215	1.142.663	(561.979)	(38.140)	3.250.187	750.248	4.000.435
Transfers from retained earnings		-	-	-	-	-	-	-	13.407	(51.547)	38.140	-	-	-
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(415)	(415)
Effect of acquisition of additional subsidiary share		-	-	-	-	-	-	-	-	-	-	-	(424)	(424)
Other ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Total comprehensive income/		-	-	-	-	-	(1.692)	(10.418)	-	-	(61.246)	(73.356)	(37.604)	(110.960)
-Currency translation differences		-	-	-	-	-	-	(10.418)	-	-	-	(10.418)	(4.162)	(14.580)
- Change in the financial asset fair value reserve net		-	-	-	-	-	(1.692)	-	-	-	-	(1.692)	-	(1.692)
- Net profit / (loss) for the period		-	-	-	-	-	-	-	-	-	(61.246)	(61.246)	(33.442)	(94.688)
Balances at 31 March 2014	23	2.450.000	143.526	1.002	(29.577)	630	(2.845)	132.797	1.156.070	(613.526)	(61.246)	3.176.831	711.781	3.888.612

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE INTERIM PERIODS ENDED 1 JANUARY- 31 MARCH 2014 AND 2013

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

		<i>USD(*)</i> 1 January - 31 March 2014	<i>Unaudited</i> <i>Current period</i> 1 January - 31 March 2014	<i>Restated</i> <i>Unaudited</i> <i>Prior period</i> 1 January - 31 March 2013
	Notes			
A. Net cash provided by/(used in) operating activities		41.483	90.838	65.503
Loss before tax from continuing operations		(41.781)	(91.493)	(10.194)
Adjustments regarding profit/loss for the period		82.854	181.433	66.968
Adjustments regarding depreciation and amortization	14,15,26	33.233	72.774	58.779
- Adjustments regarding reversal/impairment		-	-	(143)
Adjustments regarding provisions		10.757	23.556	27.905
Adjustments regarding interest income and expenses		9.895	21.667	4.604
Unearned finance expense due to purchases with maturity	27	(5.291)	(11.586)	(18.063)
Adjustments regarding unrealized changes in currency translation differences		(4.052)	(8.872)	(12.107)
Adjustments regarding gains/losses in fair value		130	284	1.167
Adjustments regarding gain/losses on disposal of property, plant and equipment and intangible assets	28	(133)	(291)	6.762
Share of gain on associates accounted by using the equity method	4	11.849	25.947	7.543
Unearned finance expense due to sales with maturity	27	1.095	2.398	7.188
Unrealized foreign exchange expense / (income) due to financial borrowings		25.703	56.285	(16.692)
Provision for other doubtful receivable		-	-	25
Loss /(gain) on sale of share of subsidiaries		(332)	(729)	-
Change in working capital		(3.220)	(7.051)	(24.193)
(Increase) / decrease in other current and non-current assets and prepaid expenses		(24.077)	(52.723)	(30.174)
Decrease in liability provisions		1.423	3.115	4.403
Increase in other short term and long term liabilities and deferred revenue		(827)	(1.811)	2.533
Increase in other financial liabilities		5.042	11.040	-
Decrease / (increase) in inventories		(227)	(496)	9.103
Increase in trade receivables		(22.565)	(49.412)	(75.414)
Increase/ (decrease) in payables regarding employee benefits		3.336	7.306	(16.724)
Decrease in other receivables regarding operations		6.471	14.169	(5.937)
Increase/ (decrease) in trade payables		31.657	69.323	80.773
Increase/ (decrease) in other payables regarding operations		(3.453)	(7.562)	7.244
Net cash provided by operating activities		37.853	82.889	32.581
Employment termination benefits paid	22	(1.147)	(2.511)	(2.527)
Tax paid		(11.238)	(24.608)	(10.877)
Collections from doubtful receivables and reversed provisions	9	836	1.830	2.325
Interest received		15.179	33.238	44.001

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE INTERIM PERIODS ENDED 1 JANUARY- 31 MARCH 2014 AND 2013

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

	Notes	USD(*) 1 January- 31 March 2014	Unaudited Current period 1 January - 31 March 2014	Restated Unaudited Prior period 1 January - 31 March 2013
B. Net cash (used in) / provided from investing activities		58.999	129.195	(23.807)
Proceeds from sale of property, plant and equipment and intangible assets		23.516	51.495	6.839
Decrease/(increase) in financial investments		10.520	23.036	(8.800)
Decrease in blocked deposits		135.783	297.338	181.896
Cash outflow derived from acquisition of property, plant, equipment, intangible assets and investment properties	13,14,15	(33.421)	(73.186)	(58.968)
Changes on long term investments		-	-	(78)
Payments on financial borrowings related with the options		(88.444)	(193.674)	(146.573)
Change on share of non-controlling interest		(194)	(424)	(1.052)
Dividends paid to non-controlling interest		(189)	(415)	(735)
Decrease in derivative liabilities		361	791	-
Increase on associates accounted by using the equity method		(1.598)	(3.500)	(16.954)
Cash provided from sale of subsidiary and real estate		12.665	27.734	18.038
Acquisition of subsidiary share, net		-	-	2.580
C. Net cash used in financing activities		5.049	11.057	(244.217)
(Decrease) / increase in financial borrowings, (net)		24.883	54.489	(191.468)
Interest paid		(19.834)	(43.432)	(52.749)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		105.531	231.090	(202.521)
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS, NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)			-	-
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	1.008.771	2.209.007	2.130.865
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	1.114.302	2.440.097	1.928.344

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on Borsa İstanbul (“Borsa İstanbul”) since June 21, 1993. Within the frame of Resolution No.21/655 dated 23 July 2010 of CMB; according to the records of Central Registry Agency, the 32,39% shares of Doğan Holding are to be considered in circulation (31 December 2013: 32,36%). As of 31 March 2014, 34,29% shares of Doğan Holding are offered to the public (31 December 2013: 34,29% (Note 23)).

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

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34696 İstanbul

Doğan Holding’s principal activities are in Turkey and its activities are presented under four segments for reporting purposes as of 31 March 2014:

- Media
- Retail
- Energy
- Other

“Other” operations mainly comprise of subsidiaries operates in trade, tourism, agriculture and manufacturing sectors.

As of 31 March 2014, the Group has 8.533 employees in domestic and 11.611 employees including the personnel of foreign subcontractors (31 December 2013: 8.512 in domestic, including foreign 11.999). The Company has 208 employees (31 December 2013: 210 employees).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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

Subsidiaries	Country	Nature of business	Segment
Doğan Yayın Holding A.Ş. (“Doğan Yayın Holding or DYH”)	Turkey	Holding	Media
Hürriyet Gazetecilik ve Matbaacılık A.Ş. (“Hürriyet”)	Turkey	Newspaper publishing	Media
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. (“Hürriyet Medya Basım”)	Turkey	Printing and administrative services	Media
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. (“Doğan Ofset”)	Turkey	Magazine and book printing	Media
Doğan Gazetecilik A.Ş. (“Doğan Gazetecilik”)	Turkey	Newspaper publishing	Media
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. (“Doğan Dağıtım”)	Turkey	Distribution	Media
Doğan Dış Ticaret ve Müessesilik A.Ş. (“Doğan Dış Ticaret”)	Turkey	Import and export	Media
Doğan Haber Ajansı A.Ş. (“Doğan Haber”)	Turkey	News agency	Media
Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. (“Doğan Gazetecilik İnternet”)	Turkey	Internet services	Media
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. (“Yenibir”)	Turkey	Internet services	Media
Hürriyet Zweigniederlassung GmbH (“Hürriyet Zweigniederlassung”)	Germany	Newspaper printing	Media
Doğan Media International GmbH (“DMI”)	Germany	Newspaper publishing	Media
Hürriyet Invest B.V. (“Hürriyet Invest”)	Netherland	Investment	Media
Fairworld International Limited (“Fairworld”)	England	Foreign Trade	Media
Falcon Purchasing Services Ltd. (“Falcon”)	England	Foreign Trade	Media
Trader Media East Ltd. (“TME”)	Jersey	Investment	Media
TCM Adria d.o.o.	Croatia	Investment	Media
Expressz Magyarorszag Media Kft.	Hungary	Newspaper and internet publishing	Media
Mirabridge International B.V.	Netherland	Investment	Media
Publishing International Holding B.V.	Netherland	Investment	Media
Pronto Invest B.V.	Netherland	Investment	Media
OOO RUKOM	Russia	Internet publishing	Media
OOO Pronto Aktoke	Kazakhstan	Newspaper and internet publishing	Media
OOO Delta-M	Russia	Newspaper and internet publishing	Media
OOO Pronto Baikal	Russia	Newspaper and internet publishing	Media
Job.ru LLC	Russia	Internet publishing	Media
OOO Pronto DV	Russia	Newspaper and internet publishing	Media
OOO Pronto Ivanovo	Russia	Newspaper and internet publishing	Media
OOO Pronto Kaliningrad	Russia	Newspaper and internet publishing	Media
OOO Pronto Kazan	Russia	Newspaper and internet publishing	Media
OOO Pronto Krasnodar	Russia	Newspaper and internet publishing	Media
OOO Pronto Nizhny Novgorod	Russia	Newspaper and internet publishing	Media
OOO Pronto Novosibirsk	Russia	Newspaper and internet publishing	Media
OOO Pronto Oka	Russia	Newspaper and internet publishing	Media
OOO Pronto Samara	Russia	Newspaper and internet publishing	Media
OOO Pronto UlanUde	Russia	Newspaper and internet publishing	Media
OOO Pronto Vladivostok	Russia	Newspaper and internet publishing	Media
OOO Pronto Moscow	Russia	Newspaper and internet publishing	Media
OOO Tambukan	Russia	Newspaper and internet publishing	Media
OOO Utro Peterburga	Russia	Newspaper and internet publishing	Media
OOO Pronto Kemerovo	Russia	Newspaper and internet publishing	Media
OOO Pronto Smolensk	Russia	Newspaper and internet publishing	Media
OOO Pronto Tula	Russia	Newspaper and internet publishing	Media
OOO Pronto Voronezh	Russia	Newspaper and internet publishing	Media
OOO Tambov-Info	Russia	Newspaper and internet publishing	Media

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country	Nature of business	Segment
OOO SP Belpronto	Belarus	Newspaper and internet publishing	Media
OOO Pronto Rostov	Russia	Newspaper and internet publishing	Media
ZAO Pronto Akzhol	Kazakhstan	Newspaper and internet publishing	Media
TOO Pronto Akmola	Kazakhstan	Newspaper and internet publishing	Media
OOO Pronto Atyrau	Kazakhstan	Newspaper and internet publishing	Media
OOO Pronto Aktau	Kazakhstan	Newspaper and internet publishing	Media
SP Pronto Kiev	Ukraine	Newspaper and internet publishing	Media
OOO Partner-Soft	Russia	Internet publishing	Media
Pronto Soft	Belarus	Internet publishing	Media
TOV E-Prostir	Ukraine	Internet publishing	Media
Impress Media Marketing LLC	Russia	Publishing	Media
OOO Rektcentr	Russia	Investment	Media
Publishing House Pennsylvania Inc.	USA	Investment	Media
Pronto Ust Kamenogorsk	Kazakhstan	Newspaper publishing	Media
Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. (“Nartek”)	Turkey	Internet publishing	Media
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. (“Doğan İnternet 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
Kanal D Yapımcılık Reklamcılık ve Dağıtım A.Ş. (“Kanal D Yapımcılık”)	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. (“Kanalspor”)	Turkey	Tv publishing	Media
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş. (“Milenyum TV”)	Turkey	Tv publishing	Media
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. (“TV 2000”)	Turkey	Tv publishing	Media
Popüler Televizyon ve Radyo Yayıncılık A.Ş. (“Popüler TV”)	Turkey	Tv publishing	Media
D Yapım Reklamcılık ve Dağıtım A.Ş. (“D Yapım Reklamcılık”)	Turkey	Tv publishing	Media
Bravo Televizyon 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
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş. (“Altın Kanal”)	Turkey	Tv publishing	Media
Stil Televizyon ve Radyo Yayıncılık A.Ş. (“Stil TV”)	Turkey	Tv publishing	Media
Selenit Televizyon ve Radyo Yayıncılık A.Ş. (“Selenit TV”)	Turkey	Tv publishing	Media
Trend Televizyon ve Radyo Yayıncılık A.Ş. (“Trend TV” or “D Çocuk”)	Turkey	Tv publishing	Media
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş. (“Ekinoks TV”)	Turkey	Tv publishing	Media
Fleks Televizyon ve Radyo Yayıncılık A.Ş. (“Fleks TV”)	Turkey	Tv publishing	Media
Kutup Televizyon ve Radyo Yayıncılık A.Ş. (“Kutup TV”)	Turkey	Tv publishing	Media
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. (“Galaksi TV”)	Turkey	Tv publishing	Media
Koloni Televizyon ve Radyo Yayıncılık A.Ş. (“Koloni TV”)	Turkey	Tv publishing	Media
Atılğan Televizyon ve Radyo Yayıncılık A.Ş. (“Atılğan TV”)	Turkey	Tv publishing	Media
Yörünge Televizyon ve Radyo Yayıncılık A.Ş. (“Yörünge TV”)	Turkey	Tv publishing	Media
Tematik Televizyon ve Radyo Yayıncılık A.Ş. (“Tematik TV”)	Turkey	Tv publishing	Media
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş. (“Süperkanal”)	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
NetD Dijital Yayıncılık Ticaret A.Ş. (“NetD Dijital Yayıncılık”)	Turkey	Tv publishing	Media
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. (“Doğan Uydu Haberleşme”)	Turkey	Tv publishing	Media

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country	Nature of business	Segment
Doğan Teleshopping Pazarlama ve Ticaret A.Ş. (“Doğan Teleshopping” or “Her Eve Lazım”)	Turkey	Tv publishing	Media
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. (“Rapsodi Radyo”)	Turkey	Radio publishing	Media
Doğan Müzik Yapım ve Ticaret A.Ş. (“DMC”)	Turkey	Music and entertainment	Media
İnteraktif Medya Hizmetleri Geliştirme Pazarlama ve Ticaret A.Ş. (“İnteraktif Medya”)	Turkey	Interactive services	Media
Primetürk GmbH (“Prime Türk”)	Germany	Marketing	Media
Osmose Media S.A (“Osmose Media”)	Luxembourg	Marketing	Media
Doğan Media International S.A. (“Kanal D Romanya”)	Romania	Tv publishing	Media
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. (“DMK”)	Turkey	Retail	Retail
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. (“Hürservis”)	Turkey	Retail	Retail
Doğan Faktoring A.Ş. (“Doğan Faktoring”)	Turkey	Factoring	Media
Doğan Platform Yatırımları A.Ş. (“Doğan Platform”)	Turkey	Investment	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. (“Milpa”)	Turkey	Trade	Other
Enteralle Handels GmbH (“Enteralle Handels”)	Germany	Trade	Other
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. (“Orta Anadolu Otomotiv”)	Turkey	Trade	Other
Çelik Halat ve Tel Sanayii A.Ş. (“Çelik Halat”)	Turkey	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 Organik Ürünler Sanayi ve Ticaret A.Ş. (“Doğan Organik”)	Turkey	Agriculture	Other
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. (“Doğan Enerji”)	Turkey	Energy	Energy
Galata Wind Enerji A.Ş. (“Galata Wind”)	Turkey	Energy	Energy
SC D-Yapı Real Estate, Investment and Construction S.A. (“D Yapı Romanya”)	Romania	Real estate	Other
D Stroy Limited (“D Stroy”)	Russia	Real estate	Other
DHI Investment B.V. (“DHI Investment”)	Netherland	Investment	Other
D-Tes Elektrik Enerjisi Toptan Satış A.Ş. (“D-Tes”)	Turkey	Energy	Energy

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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

Public Oversight, Accounting and Auditing Standards Authority (“POA”), published the “Financial Statement Samples and User Guide”, to be prepared in the scope of TAS/IFRS in accordance with the “Turkey Accounting / Financial Reporting Standards” in the Official Gazette No. 28652 dated 20 May 2013 for the companies that are obliged to apply Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“IFRS”) except for the financial institutions such as banks, insurance companies, capital market institutions operating under the scope of Banking Act 5411, the Capital Market Law No. 6362, No. 5684, No. 4683 of the Insurance Law, Private Pension Savings and Investment. The consolidated financial statements of the Group as of 31 March 2014 have been prepared in accordance with the standards described above.

In accordance with the Capital Markets Board (“CMB”)’s No. II-14.1 “Principles of Financial Reporting in Capital Markets” (“Communiqué No. II-1.14”), capital market institutions except for the partnerships whose issued capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds, financial statements, should prepare its financial statements in accordance with TAS / IFRS.

Upon the CMB’s resolution dated 7 June 2013 and 20/670, for capital market institutions, except for the corporations whose capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds within the scope of Communiqué No: II-14.1, formats are declared in the weekly bulleting numbered 2013/19 starting from the interim periods 31 March 2013 at 7 June 2013.

Upon the CMB’s resolution made on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the CMB’s Financial Reporting Standards are not required to apply inflation accounting beginning from 1 January 2005. Accordingly, No: 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) is not applied in accompanying consolidated financial statements for the accounting periods starting 1 January 2005.

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

When a foreign operation is partially disposed of or sold, exchange differences that were 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, its Associates 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 Financial Reporting Standards set out by the CMB 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/common control of operations are transferred to the Group and excluded from the consolidation when the control/common control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

(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)

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

(a) Subsidiaries

Subsidiaries are companies in which Doğan Holding has power to control the financial and operating policies for the benefit of Doğan Holding either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies. 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 indirectly by its subsidiaries. In the consolidated financial statements, interests owned by Doğan family members are treated as non-controlling interests and excluded from net asset and profit of the Group.

The balance sheets and statements of 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. Finance costs and the dividends arising from shares held by Doğan Holding in its subsidiaries are eliminated from equity and income for the period, respectively. Where necessary, adjustments are made to the accounting policies in the financial statements of subsidiaries in order to comply with the Group’s accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

The table below sets out the proportion of voting power held by Doğan Holding and its subsidiaries and effective ownership interests at 31 March 2014 and 31 December 2013:

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 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	2014	2013	2014	2013	2014	2013	2014	2013
Hürriyet	77,65	77,65	-	-	77,65	77,65	64,35	64,35
Doğan Gazetecilik	92,76	92,76	0,52	0,52	93,28	93,28	74,23	74,23
DMI	100,00	100,00	-	-	100,00	100,00	73,37	73,37
Hürriyet Medya Basım	100,00	100,00	-	-	100,00	100,00	64,35	64,35
Doğan Ofset	99,93	99,93	-	-	99,93	99,93	64,30	64,30
Mozaik	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Doğan Haber	99,98	99,94	-	-	99,98	99,94	71,68	71,66
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	80,02	80,02
Doğan Dış Ticaret	98,80	98,80	-	-	98,80	98,80	78,80	78,80
Doğan Gazetecilik Internet	100,00	100,00	-	-	100,00	100,00	74,23	74,23
Yenibir	100,00	100,00	-	-	100,00	100,00	64,35	64,35
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	64,35	64,35
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	64,35	64,35
TME	74,29	74,29	-	-	74,29	74,29	47,80	47,80
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	47,80	47,80
Publishing International Holding B.V.	100,00	100,00	-	-	100,00	100,00	47,80	47,80
Job.ru LLC	100,00	100,00	-	-	100,00	100,00	47,80	47,80
Pronto Invest B.V.	100,00	100,00	-	-	100,00	100,00	47,80	47,80
TCM Adria d.o.o. ⁽¹⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	47,80	47,80
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	47,80	47,80
Doğan Platform	100,00	100,00	-	-	100,00	100,00	80,02	80,02
Doğan Yayın Holding	80,02	80,02	1,90	1,90	81,92	81,92	80,02	80,02
Fairworld	100,00	100,00	-	-	100,00	100,00	78,80	78,80
Falcon	100,00	100,00	-	-	100,00	100,00	78,80	78,80
Oglasnik d.o.o. ⁽²⁾	-	100,00	-	-	-	100,00	-	47,80
Expressz Magyarorszag Media Kft ⁽¹⁾⁽³⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	28,68	28,68
OOO Pronto Rostov ⁽⁴⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Aktobe	80,00	80,00	-	-	80,00	80,00	30,59	30,59
OOO Delta-M	55,00	55,00	-	-	55,00	55,00	26,29	26,29
OOO Pronto Baikal	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto DV	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Ivanovo	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Kaliningrad	95,00	95,00	-	-	95,00	95,00	45,41	45,41
OOO Pronto Kazan	72,00	72,00	-	-	72,00	72,00	34,42	34,42
OOO Pronto Krasnodar	80,00	80,00	-	-	80,00	80,00	38,24	38,24

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

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

2.1.3 Consolidation principles (Continued)

(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 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
OOO Pronto Nizhny Novgorod	90,00	90,00	-	-	90,00	90,00	43,02	43,42
OOO Pronto Novosibirsk	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Oka ⁽⁵⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto UlanUde	90,00	90,00	-	-	90,00	90,00	43,02	43,42
OOO Pronto Vladivostok	90,00	90,00	-	-	90,00	90,00	43,02	43,42
OOO Pronto Moscow	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Neva ⁽⁶⁾	-	100,00	-	-	-	100,00	-	47,80
OOO Tambukan	85,00	85,00	-	-	85,00	85,00	40,63	40,63
OOO Utro Peterburga ⁽⁵⁾	55,00	55,00	-	-	55,00	55,00	26,29	26,29
OOO Pronto Kemerovo ⁽⁴⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Smolensk	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Tula ⁽⁴⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Voronezh ⁽⁴⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Tambov-Info	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Obninsk ⁽⁷⁾	-	10,00	-	-	-	100,00	-	4,78
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Pronto Atyrau	100,00	100,00	-	-	100,00	100,00	38,24	38,24
OOO Pronto Aktau	100,00	100,00	-	-	100,00	100,00	38,24	38,24
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	38,24	38,24
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	23,90	23,90
Bolji Posao d.o.o. Serbia ⁽⁸⁾	-	100,00	-	-	-	100,00	-	47,80
Bolji Posao d.o.o. Bosnia ⁽⁸⁾	-	100,00	-	-	-	100,00	-	47,80
OOO RUKOM ⁽⁹⁾	100,00	100,00	-	-	100,00	100,00	47,80	47,80
OOO Partner-Soft ⁽¹⁰⁾	90,00	90,00	-	-	90,00	90,00	43,02	43,02
Pronto Soft	90,00	90,00	-	-	90,00	90,00	43,02	43,42
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	23,90	23,90
Prime Turk	100,00	100,00	-	-	100,00	100,00	66,09	66,63
Osmose Media	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Impress Media								
Marketing LLC	97,00	97,00	-	-	97,00	97,00	46,37	46,37
Pronto Ust Kamenogorsk	100,00	100,00	-	-	100,00	100,00	38,24	38,24
Doğan TV Holding ⁽¹¹⁾	84,94	82,45	0,14	0,14	85,08	82,59	68,96	66,48
Kanal D	94,88	94,88	5,12	5,12	100,00	100,00	65,43	63,07
Kanal D Yapımcılık	100,00	100,00	-	-	100,00	100,00	65,43	63,07
Alkım İletişim ⁽¹²⁾	-	100,00	-	-	-	100,00	-	66,48
Alp Görsel ⁽¹³⁾	-	100,00	-	-	-	100,00	-	66,48
Fun TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Tempo TV	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Kanalspor	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Milenyum TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
TV 2000	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Popüler TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Bravo TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1.3 Consolidation principles (Continued)

(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 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Doğa TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Altın Kanal	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Stil TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Selenit TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
D Çocuk	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Fleks TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Kutup TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Galaksi TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Koloni TV	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Atılğan TV	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Yörünge TV	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Tematik TV	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Süper Kanal	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Uydu	100,00	100,00	-	-	100,00	100,00	69,09	66,63
Eko TV	95,03	95,03	-	-	95,03	95,03	65,53	63,17
Kanal D Romanya	100,00	100,00	-	-	100,00	100,00	73,37	73,37
NetD Dijital Yayıncılık ⁽¹⁴⁾	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Doğan Teleshopping	100,00	100,00	-	-	100,00	100,00	68,96	66,48
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	68,96	66,48
DMC	100,00	100,00	-	-	100,00	100,00	68,96	66,48
İnteraktif Medya	100,00	100,00	-	-	100,00	100,00	68,96	66,48
DMK	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	79,42	79,42
Nartek	60,00	60,00	-	-	60,00	60,00	38,61	38,61
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	80,02	82,02
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Enteralle Handels ⁽¹⁵⁾	100,00	100,00	-	-	100,00	100,00	86,27	86,27
Orta Anadolu Otomotiv	85,00	85,00	-	-	85,00	85,00	85,00	85,00
Çelik Halat	78,69	78,69	-	-	78,69	78,69	78,69	78,69
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	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
Nakkastepe Elektrik ⁽¹⁶⁾	-	100,00	-	-	-	100,00	-	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Akdeniz Elektrik ⁽¹⁷⁾	-	100,00	-	-	-	100,00	-	100,00

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1.3 Consolidation principles (Continued)

(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 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Stroy ⁽¹⁸⁾	100,00	100,00	-	-	100,00	100,00	73,59	100,00
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

(1) The related subsidiary was classified under non-current assets as held for sale.

(2) The related subsidiary was sold as of 28 February 2014.

(3) The related subsidiary was sold as of 7 April 2014.

(4) The related subsidiary is in liquidation process as of 2013.

(5) The related subsidiary has ceased its operations before the year 2010.

(6) The related subsidiary was liquidated as of 21 February 2014.

(7) The related subsidiary was sold as of 21 January 2014.

(8) The related subsidiary was sold as of 21 March 2014.

(9) The related subsidiary has ceased its operations in the year 2012.

(10) The related subsidiary is in liquidation process as of 2012.

(11) According to the statutory records of Group, proportion of effective ownership interest of Doğan TV Holding is 68,96%. Nevertheless, in consequence of the option explained in Note 17, by considering the additional share proportion in accordance with TAS 32 “Financial Instruments: Disclosure and Presentation” the rate is calculated as 71,90%.

(12) The related subsidiary merged with Doğan TV Holding as of 27 March 2014.

(13) The related subsidiary merged with Alkım İletişim as of 28 February 2014.

(14) The related subsidiary merged with Kanal D as of 30 April 2014.

(15) The related subsidiary is in liquidation process, which started on 31 December 2011.

(16) The related subsidiary merged with D-Tes as of 27 January 2014.

(17) The related subsidiary merged with Galata Wind as of 27 January 2014.

(18) The related subsidiary was sold to Ditaş as of 20 March 2014.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1.3 Consolidation principles (Continued)

b) Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Doğan Holding and one or more other parties. Joint ventures were consolidated using the proportional consolidation method until 31 December, 2012.

In accordance with the amendments to TFRS 11 effective from 1 January 2013, entities under common control are recognized under the equity method 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.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but do not have control or joint control over those policies. Investments in joint ventures are accounted for using the equity method of accounting. Such entities are companies in which Doğan Holding and its subsidiaries have 20% - 50% of the voting rights of the Group's overall voting power, where the Group has significant influence without any controlling power over the operations. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in its joint ventures; unrealized losses are also eliminated if there is no indication of the assets transferred. Increases or decreases in the net assets of associates are increased or decreased proportionally as the Group's share in the consolidated financial statements and presented under the "Share of loss on investments accounted for by using the equity method" account in the statement of profit or loss.

Where the investment's share of losses exceeds the Group's share (including any long-term investments that, in substance, form part of the Group's net investment in the associate), the exceeding portion of losses are not recognized. 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 subsidiary.

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. As long as the Group does not undertake any liability related to associates, when book value of the associates is zero equity method is no longer applied

(d) Non-controlling interests

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

(e) Financial investments

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1 Basis of presentation (Continued)

2.1.4 Offsetting

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

2.1.5 Comparative information 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 balance sheet as of 31 March 2014 with 31 December 2013. Income statement, other comprehensive income, cash flow and change in equity as of 31 March 2014, are presented comparatively with the financial statements of the interim period 1 January-31 March 2013. 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.

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

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

In the current period, the Group has reclassified its prior period financial statements in order to comply with the formats declared at 7 June 2013 by CMB. The effect of reclassifications is summarized on the table below.

As a result of the evaluations made by the Group; subsidiaries TOV E-Prostir and SP Pronto Kiev, which were consolidated in the financial statements on 31 December 2012 and 31 December 2011, were included to the consolidated financial statement by equity method as of 1 January 2012. Also, the Group classified its subsidiaries operating in Hungary and Croatia as non-current assets held for sale and discontinued operations. Doing so, assets and liabilities of the company are classified as non-current assets held for sale and presented separately on the balance sheet. In order to comply with current period financial statements, aforementioned assets are classified as discontinued operations on prior year income statement and other comprehensive income statement.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1 Basis of presentation (Continued)

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

1 January-31 March 2013	Previously reported	Adjustments related to consolidation method change and discontinued operations	CMB announcement reclassifications	Restated
Revenue	779.994	(4.241)	-	775.753
Cost of sales (-)	(582.485)	2.311	-	(580.174)
Gross profit	197.509	(1.930)	-	195.579
Marketing expenses (-)	(103.446)	573	-	(102.873)
General administrative expenses (-)	(89.419)	2.289	-	(87.130)
Other income from operating activities	13.112	(608)	58.949	71.453
Other expenses from operating activities (-)	(31.256)	-	(190)	(31.446)
Share of loss on associates accounted by using the equity method	(7.970)	427	-	(7.543)
Operating profit/ (loss)	(21.470)			38.040
Income from investing activities	-		27.370	27.370
Expense from investing activities	-		(17.499)	(17.499)
Operating profit/ (loss) before finance expenses				47.911
Finance income	87.437	-	(81.407)	6.030
Finance expenses (-)	(76.912)	-	12.777	(64.135)
Profit/ (loss) from continued operations before tax	(10.945)			(10.194)
Current tax expense	(21.713)	-	-	(21.713)
Deferred tax income/(expense)	6.114	-	-	6.114
Net profit/ (loss) from continued operations	(26.544)	751	-	(25.793)
Profit/ (loss) from discontinued operations for the period	-	(751)	-	(751)
Profit/(Loss) for the period	(26.544)			(26.544)
Allocation of profit /loss for the period:				
Non-controlling interests	(11.177)			(11.177)
Attributable to equity holders of the Parent Company	(15.367)			(15.367)
Profit/(Loss) for the period	(26.544)			(26.544)

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.1 Basis of presentation (Continued)

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

Except for the amendments mentioned above, accounting policies and accounting estimates applied in the current period are consistent with accounting policies and accounting estimates applied in the preparation of consolidated financial statements for the period ended as of 31 December 2013.

2.1.7 New and Revised Turkish Financial Reporting Standards

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

(a) Standards effective from 1 January 2014 and have effect on the financial statements of the Group

None.

(b) Standards effective from 1 January 2014 and have no effect on the financial statements of the Group

TFRS 10,11,TAS 27 (Amendments)	<i>Investment Companies</i>
TAS 32 (Amendments)	<i>Offsetting Financial Assets and Financial Liabilities</i>
TAS 36 (Amendments)	<i>Recoverable Value Disclosures for Non-Financial Assets</i>
TAS 39 (Amendments)	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
TFRS Interpretation 21	<i>Fees and Taxes</i>

(c) New and revised standards and interpretations not yet effective and have not been adopted early by the Group

The Group has not applied the following new and revised standards that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i>
TFRS 9 ve TFRS 7 (Amendments)	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>

The above standards will be applicable in 2014 and onwards, the Group has not determined the potential impact of the application of these standards over its financial statements. The applications of these standards are expected not to have a significant impact on the financial statements.

2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts shown in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 2,1898 = USD 1,00 on 31 March 2014. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies

Related parties

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company’s affiliates, subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 33).

Cash and cash equivalents

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

Sales and repurchase agreements

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

Trade receivables and provision for doubtful receivables

The Group’s trade receivables from providing goods or services to customers are carried at net of unrealized finance income. Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant. (Note 9).

Provision is allocated for receivables when the Group has an objective indication over the collectability. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred. Group management considers to book provision for doubtful receivables for administrative and/ or legal follow-up, unsecured and collection possibility of the receivables which has maturity out of the Group’s commercial term.

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Inventories

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

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the statement of 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 purchase date into consideration.

Programme stocks

Programme stocks comprise internal and external productions that have been produced but not yet broadcasted as of the report date. Programme stocks are recognised at acquisition or production cost and they are not subject to amortization. These programmes are charged to the statement of profit or loss upon the first transmission and included in cost of sales in the consolidated statement of profit or loss (Note 19). 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.

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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies(Continued)

Financial instruments (Continued)

“*Financial assets at fair value through profit or loss*” are financial assets that have been acquired principally for the purpose of taking advantage of fluctuations in price and other similar elements or independent from initial recognition financial assets held for trading which are part of a portfolio that has a recent actual pattern of short-term profit-taking. A financial asset is classified in this category if it is primarily acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in “financial income / expenses”. Dividends received, are recognized as dividend income in the consolidated statement of 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 March 2014 and 31 December 2013.

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

Financial assets classified by Doğan Yayın 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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Derivative financial instruments

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

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

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

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, at the end of each year when there is an indication of impairment, investment properties are stated at fair value which reflects the market conditions. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. As of 31 December 2012, the Group decided to adopt fair value method for their investment properties which were previously accounted under the cost method and restated its financial statements according to TAS 8.

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment and related depreciation

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

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

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

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

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

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

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

- After the deduction of discounts, including import duties and non-refundable purchase taxes, purchase prices.
- Enhancing the asset capable of operating in the manner intended by management, and any costs will be placed on the ground.
- Costs related to employee benefits who works directly related with obtaining or construction of tangible assets
- Cost related to the preparation of the ground.
- Cost associated with the first delivery.
- Installation and assembly costs.
- Professional fee.
- General administrative expenses related to acquisition or construction of tangible fixed asset.
- Finance costs that can be added to the cost of the tangible assets under IAS 23 "Borrowing Costs"

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial Leases

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

Operating leases

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

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired as of the balance sheet dates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Intangible assets and related amortization

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization (continued)

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

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

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

Intangible assets with finite useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The recoverable amount of an intangible asset is the higher of its fair value less costs to sell and its value in use. Provision for impairment is recognized under the statement of profit or loss in the related period.

The right to use of marina held by Milta Turizm, Group’s subsidiary, is being amortized over 49 years regarding the transfer agreement on November 13, 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.

Television program rights

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

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

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

Taxation on income

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous year’s tax liabilities. Turkish tax legislation does not permit a parent company 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 tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

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

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

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 (Note 14).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial liabilities subject to non-controlling put options

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

The Group has decided to early adopt the amendment in TAS 19 (Note 2.1.7) in 2012 which will be effective starting from 1 January 2013, and calculated employment benefit in accordance with the report prepared by the actuarial firm and recognized all actuarial loss and gains in the other comprehensive statement of profit or loss as of 31 December 2013 and 2012.

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 dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities (Continued)

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

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

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

Share capital and dividends

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

Revenue recognition

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

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

a) Media and Retail segment

Revenue from television, newspapers, magazines and other advertisements

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

Revenue from newspaper and magazine sales and distribution

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

Newspaper sales returns and provisions:

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

Returns on magazine sales and provisions:

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

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.

c) Other segment

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

c) Other segment (Continued)

Housing construction projects(Related to the customer)

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

Housing construction projects (Related to the landowner)

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

Vehicle Sale

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

Other revenue

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

Dividend income from investments is recognized when the shareholder's right to receive payment has been established

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

Barter agreements

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

Business combinations

Business combinations are accounted in accordance with TFRS 3. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with comprehensive statement of profit or loss. Goodwill recognised in a business combination is not amortized, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 3). There are no business combinations which will significantly affect the consolidated financial statements as of and for the year ended 31 March 2014 .

Gains or losses resulted from sale or purchase of subsidiaries under the control of Doğan Holding (transactions that do not result in a change in control) are recognised under equity. 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 do 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 recognize goodwill for these types of transactions. Difference between cash consideration paid as a result of business combination and net asset of the entity is recognized in “Effect of business combinations comprising of entities under common control” account under retained earnings/ (accumulated losses) in equity.

Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions (Continued)

Foreign Group companies

The results of the Group undertakings using a measurement currency other than TL are first translated into Turkish lira by using the average exchange rate for the period. Assets and liabilities of such Group undertakings are translated into TL by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve as a separate item in the shareholders’ equity and recognized under total comprehensive income.

A significant portion of the Group’s foreign operations are performed in Russia, Europe and Slovenia (“Russia and Eastern Europe (“EE”)). Foreign currencies and exchange rates at 31 March 2014 and 31 December 2013 are summarized below:

Foreign Group companies

Country	Currency Unit	31 March 2014	31 December 2013
Eurozone	Euro	3,0072	2,9365
Russia	Ruble	0,0614	0,0652
Hungary	Forint	0,0098	0,0099
Croatia	Kuna	0,3927	0,3846
Ukraine	Grivna	0,1999	0,2670
Romania	New Lei	0,6653	0,6549
Kazakhstan	Tenge	0,0120	0,0139
Belarus	Belarusian Ruble	0,0002	0,0002

Segment Reporting

In accordance with IFRS 8 “Operating Segments” standard, the Group arranged industrial segments’ reporting as parallel with the reporting made to Group’s decision-making authorities. Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. Group operations were monitored and reported as four main segments; “Media”, “Retail”, “Energy” and “Other” by the management. Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users’ decisions and/or it will be useful during the review of financial statements.

Operations were presented as three segments “media”, “retail” and “other” in consolidated financial statements until 31 December 2013. After the Group’s consideration, energy companies (Note 1) were decided to be presented as a separate segment, which was presented under “other” operations segment before. Accordingly, previous period financial informations in related note was revised in line with the principle of comparison.

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Earning/ (loss) per share

Earning/ (loss) per share are determined by dividing net income/ (loss) by the weighted average number of shares that have been outstanding during the period concerned (Note 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. Accordingly, weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares.

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 represent a major part of an entity separately from the Group’s operations and cash flows. Operating results as of the Group has ceased its control over its disposal groups are presented separately under “discontinued operations” in the consolidated 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.

Non-current assets held for sale

To the results of operations of assets held for sale and discontinued operations, gain/loss and tax expense occurring from the sale is 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 recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received (Note 16). Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Subsequent events

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.2 Summary of Significant Accounting Policies (continued)

Statement of cash flows

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

The cash flows raised from operating activities indicate cash flows due to the Group’s media and other sales operations.

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

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

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

2.3 Critical Accounting Estimates and Assumptions

2.3.1. Critical accounting estimates and assumptions

a) Estimated impairment of goodwill

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

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

As of November 2011, the Group management has considered the VAT principle amounting to TL 454.281 imposed as a consequence of share exchanges and transfers recognized in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon ve Alp Görsel and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of “recourse VAT invoice” by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TL 145.328, TL 222.662 and TL 86.291 have been recognized in the statutory records of D Yapım, Doğan Prodüksiyon and Alp Görsel, respectively.

Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognize the input VAT amounting to TL 454.281 as an asset in the consolidated financial statements as it will be used in future tax periods. Accordingly, where practicable, input VAT that can be offset against the recourse VAT in the related taxation periods can be recognized in the statement of income in the respective periods (Note 27). Deductible VAT amount is TL 448.022 in statutory accounts as of 31 March 2014.

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 Springers are described in detail in Note 17.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

2.3 Critical Accounting Estimates and Assumptions (Continued)

2.3.1. Critical accounting estimates and assumptions (Continued)

d) Useful lives of intangible assets

Useful lives of some trademarks are expected to be infinite by the Group management. Where useful lives of related intangible assets are infinite (in case of 20 years), amortization of such intangible assets' would increase by TL 3.523 (31 March 2014: TL 3.339) and profit before tax and non-controlling interests would decrease by TL 3.523 (31 December 2013: TL 3.339).

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

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

- if useful lives were 10% higher, amortization would decrease by TL 482 and profit before tax and non-controlling interests would increase by TL 482 (31 March 2013: TL 478); or
- if useful lives were 10% lower, amortization would increase by TL 589 and profit before tax and non-controlling interests would decrease by TL 589 (31 March 2013: TL 583).

2.3.2 Critical accounting judgments

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

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 3 - BUSINESS COMBINATIONS

Current period business combinations

There is no significant business combination occurred within the interim period ended by 31 March 2014.

NOTE 4 – INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

Joint venture	Country	Nature of business	Entrepreneurial partner
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. (“Doğan Burda”)	Turkey	Magazine publishing	Burda GmbH
Dergi Pazarlama Planlama ve Ticaret A.Ş. (“DPP”)	Turkey	Planning	Burda GmbH
ASPM Holding B.V.	Netherland	Internet publishing	Autoscout24 GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. (“Doğan Egmont”)	Turkey	Magazine printing	Egmont
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. (“Ultra Kablolu”)	Turkey	Telecommunication	Koç Holding A.Ş.
Katalog Yayın ve Tanıtım Hizmetleri A.Ş. (“Katalog”)	Turkey	Guide publishing	Seat Pagine Gialle SPA
Boyabat Elektrik Üretim ve Ticaret A.Ş. (“Boyabat Elektrik”)	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
Aslancık Elektrik Üretim A.Ş. (“Aslancık Elektrik”)	Turkey	Energy	Doğuş Holding A.Ş. ve Anadolu Endüstri Holding A.Ş.
Tasfiye halinde İsedaş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. (“İsedaş”)	Turkey	Energy	Tekser İnşaat Sanayi ve Ticaret A.Ş. ve Çukurova Holding A.Ş.
Gas Plus Erbil Ltd. (“Gas Plus Erbil”)	Jersey	Energy	Newage Alzarooni Limited
DD Konut Finansman A.Ş. (“DD Konut Finansman”)	Turkey	Housing finance	Deutsche Bank AG
Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. (“Nakkaştepe Gayrimenkul”)	Turkey	Real estate	Rönesans Gayrimenkul Yatırım A.Ş.
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.	Turkey	Real estate	Rönesans Gayrimenkul Yatırım A.Ş.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

The table below sets out the Joint Ventures, the proportion of voting power held by Doğan Holding, its subsidiaries and Doğan family and effective ownership interests at 31 March 2014 and 31 December 2013:

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 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Doğan Burda	44,89	44,89	0,27	0,27	45,16	45,16	35,92	35,92
DPP	46,00	46,00	10,00	10,00	56,00	56,00	36,81	36,81
ASPM Holding B.V.	37,89	37,88	-	-	37,89	37,88	24,38	24,38
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	40,01	40,41
Ultra Kablolü ⁽¹⁾	50,00	50,00	-	-	50,00	50,00	40,01	40,41
Katalog ⁽²⁾	50,00	50,00	-	-	50,00	50,00	40,01	40,41
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
İsedaş ⁽³⁾	45,00	45,00	-	-	45,00	45,00	45,00	45,00
DD Konut Finansman	47,00	47,00	4,00	4,00	51,00	51,00	47,00	47,00
Nakkaştepe Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00

- (1) The related joint venture has ceased its operations as of November 2006.
(2) The related joint venture has ceased its operations as of September 2009.
(3) The related joint venture is in liquidation process as of 19 August 2011.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

Currents assets, non-current assets, current and non-current liabilities, sales, gross profit, net profit for period and equity attributable to Doğan Holding of the joint ventures consolidated by using the equity method in the condensed consolidated financial statements, are as follows:

	31 March 2014	31 December 2013
Current assets	779.415	719.751
Non-current assets	3.190.426	3.155.125
Total assets	3.969.841	3.874.876
Short-term liabilities	941.765	806.135
Long-term liabilities	2.307.326	2.299.122
Total liabilities	3.249.091	3.105.257
Net assets	720.750	769.619
Group's share in net assets of investment accounted for by the equity method	325.245	340.637

Statements of Profit or Loss	1 January- 31 March 2014	1 January- 31 March 2013
Revenue	101.205	121.403
Cost of sales (-)	(85.635)	(69.659)
Gross profit	15.570	51.744
General administration expenses (-)	(10.678)	(25.704)
Marketing, sales and distribution expenses (-)	(13.606)	(13.076)
Other operating (expenses)/income, net	(290)	(577)
Financial (expenses)/income, net	(83.103)	(44.153)
Profit/ (loss) before income taxes	(92.107)	(31.766)
Current income tax expense	13.547	(156)
Deferred tax income/ (expense)	1.212	(6.727)
Profit/ (loss) for the period from continued operations	(77.348)	(25.195)
Net profit/ (loss) for the period	(77.348)	(25.195)
Group's share in net loss of the investments	(25.947)	(7.543)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

Financial Liabilities

	31 March 2014	31 December 2013
Boyabat Elektrik	2.075.113	1.994.812
Aslancık Elektrik	350.410	343.529
DD Konut Finansman	388.524	313.154
Other	8.500	4.944
Total	2.822.547	2.656.439

Financial borrowings

Boyabat Elektrik

Group's joint venture Boyabat Elektrik's construction of 513MW installed capacity dam-type hydroelectric power plant project at the township Boyabat in the province Sinop is after obtaining the necessary regulatory approvals became operational in 5 December 2012. Boyabat Elektrik's investment has been financed with the combination of debt and equity. According to preliminary protocol signed on 25 July 2008 and 31 August 2009 and credit contract signed on 15 January 2010, USD 750.000 credit is provided to Boyabat Elektrik by Turkish commerce banks' consortium. Bank loan has been fully paid by Boyabat, as of 28 June 2013. Boyabat paid early closure fee amounting to TL 26.759 due to the early payment. The entity obtained bank loan amounting to USD 540.000 and EUR 276.392 with interest rates of 3 months Libor+ 4% as of 28 June 2013 and by the balance sheet date entire amount of USD 540.000 and EUR 276.392 bank loans had been used.

Under the loan agreement signed entire shares of Boyabat Elektrik were pledged on behalf of lender banks.

Aslancık Elektrik

Group's joint venture Aslancık Elektrik's construction of 120 MWm /93 MWe installed capacity hydro energy production facility in Giresun, Doğankent began in 2010 Based on the loan agreement signed on 24 January 2011, in total USD 160.000 of loan was planned to be provided to Aslancık Elektrik. In this context, Aslancık Elektrik used USD 160.000 amounted bank loan until 31 December 2013.

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

Fixed Assets

	31 March 2014	31 December 2013
Boyabat Elektrik	1.953.565	1.943.746
Aslancık Elektrik	401.023	391.689
DD Konut Finansman	1.395	1.486
Other	4.929	1.835
Total	2.360.912	2.338.756

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 6.042 (31 March 2013: TL 5.172)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 5 - SEGMENT REPORTING

a) External revenue

	1 January- 31 March 2014	1 January- 31 December 2013
Media	583.065	604.255
Retail	124.165	93.405
Energy	56.360	32.767
Other	62.266	45.326
	825.856	775.753

b) Profit /(loss) before income taxes

	1 January- 31 March 2014	1 January- 31 December 2013
Media	(100.599)	(24.233)
Retail	1.477	919
Energy	(19.966)	3.075
Other	27.595	10.045
	(91.493)	(10.194)

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 31 March 2014

	Media	Retail	Energy	Other	Inter segment elimination	Total
External revenue	583.065	124.165	56.360	62.266	-	825.856
Internal revenue	291.764	789	14.230	3.075	-	309.858
Inter segment revenue	4.505	-	3.684	13.002	-	21.191
Total revenue	879.334	124.954	74.274	78.343	-	1.156.905
Total cost of sales	(750.857)	(79.890)	(58.155)	(54.126)	-	(943.028)
Revenue	587.570	124.165	60.044	75.268	(21.191)	825.856
Cost of sales	(489.214)	(79.890)	(45.836)	(54.127)	5.627	(663.440)
Gross profit	98.356	44.275	14.208	21.141	(15.564)	162.416
General administrative expenses	(80.422)	(3.310)	(1.458)	(23.175)	15.583	(92.782)
Marketing selling and distribution expenses	(71.749)	(40.054)	(6.144)	(3.435)	71	(121.311)
Share of gain/ (loss) on investments accounted for by using equity method	1.074	-	-	(27.021)	-	(25.947)
Other income/(expenses), net	27.340	122	(802)	9.564	-	36.224
Income/ (Expense) from investment properties	(568)	-	(6.254)	16.861	-	10.039
Financial income	2.078	444	20.544	42.086	1.765	66.917
Financia expenses	(76.708)	-	(40.060)	(8.426)	(1.855)	(127.049)
(Loss)/ Profit before income taxes	(100.599)	1.477	(19.966)	27.595	-	(91.493)

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 31 March 2013;

	Media	Retail	Energy	Other	Inter segment elimination	Total
External revenue	604.255	93.405	32.767	45.326	-	775.753
Internal revenue	339.403	858	899	2.505	-	343.665
Inter segment revenue	3.962	495	211	12.618	-	17.286
Total revenue	947.620	94.758	33.877	60.449	-	1.136.704
Total cost of sales	(702.635)	(59.933)	(24.203)	(47.797)	-	(834.568)
Revenue	608.217	93.900	32.978	57.944	(17.286)	775.753
Cost of sales	(450.577)	(59.585)	(24.203)	(49.302)	3.493	(580.174)
Gross profit	157.640	34.315	8.775	8.642	(13.793)	195.579
General administrative expenses	(77.258)	(2.112)	(1.915)	(19.465)	13.620	(87.130)
Marketing selling and distribution expenses	(69.037)	(30.981)	(4)	(3.024)	173	(102.873)
Share of gain/ (loss) on investments accounted for by using equity method	833	-	-	(8.376)	-	(7.543)
Other income/(expenses), net	7.686	879	209	31.233	-	40.007
Income/ (Expense) from investment properties	2.603	-	10	7.258	-	9.871
Financial income	-	1.761	6.480	(651)	(1.560)	6.030
Financial expenses	(46.700)	(2.943)	(11.379)	(4.673)	1.560	(64.135)
(Loss)/ Profit before income taxes	(24.233)	919	2.176	10.944	-	(10.194)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets

	31 March 2014	31 December 2013
<u>Total assets</u>		
Media	3.734.506	3.787.930
Retail	217.783	216.062
Energy	388.986	354.110
Other	6.057.934	5.813.605
	10.399.209	10.171.707
Less: segment elimination ⁽¹⁾	(2.950.535)	(2.583.734)
Total assets per consolidated financial statements	7.448.674	7.587.973
<u>Shareholder's equity</u>		
Media	1.390.153	1.492.720
Retail	59.790	61.228
Energy	529.736	372.056
Other	5.622.766	5.559.239
Total	7.602.445	7.485.243
Less: segment elimination ⁽²⁾	(3.713.833)	(3.484.808)
Total shareholders' equity per consolidated financial statements	3.888.612	4.000.435
Non-controlling interests	(711.781)	(750.248)
Total shareholder's equity	3.176.831	3.250.187

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 5 - SEGMENT REPORTING (Continued)

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

	1 January- 31 March 2014	1 January- 31 March 2013
<u>Purchases</u>		
Media	57.178	50.727
Retail	6.664	779
Energy	55	1.930
Other	9.288	5.532
Total	73.185	58.968
<u>Amortisation and depreciation</u>		
Media	59.055	46.248
Retail	1.870	1.707
Energy	5.987	5.349
Other	5.931	5.594
Total	72.843	58.898

f) Non-cash expenses (net):

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

	2014				
	Media	Retail	Energy	Other	Total
Provision for employment termination benefits (Note 22)	3.533	226	20	694	4.473
Interest expense accruals	23.722	-	3.817	1.251	28.790
Provision for lawsuits	4.675	-	-	1.052	5.727
Provision for impairment on inventories (Note 11)	200	-	-	218	418
Provision for unused vacation liabilities (Note 22)	4.712	-	-	1.005	5.717
Change in fair value of derivative instruments (Note 21)	1.295	-	-	-	1.295
Provision for doubtful receivables (Note 9)	10.421	-	-	375	10.796
	48.558	226	3.837	4.595	57.216

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 5 - SEGMENT REPORTING (Continued)

f) Non-cash expenses (net) (continued):

	2013				Total
	Media	Retail	Energy	Other	
Provision for doubtful receivables (Note 9)	7.297	-	-	750	8.047
Provision for employment termination benefits (Note 22)	3.101	162	24	2.662	5.949
Interest expense accruals	15.104	-	-	994	16.098
Provision for unused vacation liabilities (Note 22)	6.391	-	-	(713)	5.678
Provision for lawsuits	1.602	-	-	2.729	4.331
Provision for impairment on inventories (Note 11)	230	-	-	85	315
	33.725	162	24	6.507	40.418

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 6 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Cash	2.619	2.318
Banks		
- demand deposits	185.439	221.924
- time deposits	1.896.856	1.772.662
Other current assets	362.650	219.457
	2.447.564	2.216.361

The time deposits of the Group are mainly composed of USD, EUR and TL and the effective interest rates of USD, EUR and TL denominated time deposits are between 0,35% and 4,5% (31 December 2013: 0,35% and 6,00%), 0,2% and 4,72% (31 December 2013: 0,2% and 6,75%) and 4,8% and 13,15% (31 December 2013: 5,98% and 10,16%), respectively and its maturity is shorter than 3 months.

As of 31 March 2014, other current assets consist of credit card slip receivables amounting to TL 77.187 (31 December 2013: 72.152) and blocked deposits amounting to TL 285.463 (31 December 2013: TL 147.305). As of 31 March 2014, USD 70.000 (TL 153.286) belonging to Doğan Holding (31 December 2013: None), TME: EUR 14.000 (TL 42.101) (31 December 2013: None), DMI: TL 896 (31 December 2013: None), Doğan Dağıtım: TL 493 (31 December 2013: TL 480), Milta and additionally USD 40.500 (TL 88.687) (31 December 2013: None) of Doğan Holding was blocked for Mozaik. As of 31 March 2014, regarding the amendment agreement signed with the date of 28 February 2012 between the Company and Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH, EUR 50.000 (TL 146.825) was blocked related to share purchase option of Doğan TV Holding.

Cash and cash equivalents disclosed in the consolidated statements of cash flows for the periods ended 31 March 2014, 31 December 2013, 31 March 2013 and 31 December 2012 are as follows:

	31 March 2014	31 December 2013	31 March 2013	31 December 2012
Cash and cash equivalents	2.447.564	2.216.361	1.941.734	2.160.698
Accrued interest (-)	(7.467)	(7.354)	(13.390)	(29.833)
Cash and cash equivalents	2.440.097	2.209.007	1.928.344	2.130.865

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

	31 March 2014	31 December 2013
Government bonds and treasury bills	111.403	136.465
	111.403	136.465

Government bonds and treasury bills dominated in TL, USD and Euro, and interest rates are 9,25%, 5,84% and 5,64%. (31 December 2013: TL 9,58%, USD 6,46%, EUR 5,64%).

b) Long-term available for sale financial assets

	31 March 2014		31 December 2013	
	TL	%	TL	%
Aks Televizyon Reklamcılık ve				
Filmcilik Sanayi ve Ticaret A.Ş. (“Aks TV”)	2.923	9	2.923	9
POAŞ ⁽¹⁾	795	<1	803	<1
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş	800	<1	800	<1
Other	1.423	<1	1.440	<1
Less: provision for impairment ⁽²⁾	(2.923)		(2.923)	
	3.018		3.043	

(1) After the removal of restriction on shares, “Restricted shares” which correspond to 0,03% of POAŞ’s capital (calculated as 192.500 (exact) shares as of the current situation) are decided to be transferred to OMV Enerji Holding A.Ş in a total cash consideration of EUR 600.000. Since the related share transfer has not been realized as of 31 March 2014, 192.500 shares that Group shares are recognized at fair value, which is calculated by using the market price of shares

(2) As of 31 March 2014 long term financial investment except POAŞ are carried at the cost value. There is TL 2.923 impairment on Aks TV. (31 December 2013: 2.923).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 8 – SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowing

The details of financial borrowings at 31 March 2014 and 31 December 2013 are as follows

Short-term financial borrowings:	31 March 2014	31 December 2013
Short term bank borrowings	586.368	595.843
Interest bearing payables to suppliers	7.221	6.436
Finance lease borrowings	10.456	10.251
Total	604.045	612.530

Short-term portion of long-term financial borrowings:	31 March 2014	31 December 2013
Short-term portion of long-term bank borrowings:	480.636	426.418
Total	480.636	426.418

Long-term financial borrowings:	31 March 2014	31 December 2013
Long term bank borrowings	1.100.931	1.046.356
Interest bearing payables to suppliers	2.280	4.693
Finance lease borrowings	5.975	8.390
Total	1.109.186	1.059.439

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

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

Details of the bank borrowings as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014			31 December 2013		
	Interest rate per annum (%)	Original foreign currency	TL	Interest Rate per annum (%)	Original foreign currency	TL
Short-term bank borrowings						
TL denominated bank borrowings	0 - 14	163.370	163.370	0 - 10,30	131.454	131.454
USD denominated bank borrowings	3,15 -5,24	141.073	308.923	3,25 -5,45	160.724	343.033
EUR denominated bank borrowings	0,97 – 5,14	37.934	114.075	3,50 – 5,08	41.327	121.356
Sub-total			586.366			595.843
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	11,20	4.736	4.736	11,20	2.890	2.890
USD denominated bank borrowings	3-6,45	200.079	438.134	3-6,45	186.575	398.207
EUR denominated bank borrowings	3,25-5,71	12.559	37.766	3,25-5,71	8.623	25.321
Sub-total			480.636			426.418
Total short-term bank borrowings			1.067.002			1.022.261
Long-term bank borrowings:						
TL denominated bank borrowings	2,60 - 11,20	104.447	104.447	9,75 - 11,20	104.124	104.124
USD denominated bank borrowings	3,25 - 6,25	271.503	594.537	3,25 - 6,25	242.138	516.795
EUR denominated bank borrowings	3,25 - 5,71	133.662	401.947	3,25 - 5,71	144.879	425.437
Total long-term bank borrowings			1.100.931			1.046.356

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

The redemption schedule of long-term bank borrowings as of 31 March 2014 and 31 December 2013 is as follows:

	31 March 2014	31 December 2013
2014	-	26.425
2015	347.940	312.675
2016	470.660	500.022
2017	212.431	207.234
2018	65.657	-
2019 and after	4.243	-
	1.100.931	1.046.356

The floating rate bank borrowings of the Group denominated in USD have interest rates fluctuating between 3-month Libor + 4,00% and 6-month Libor + 5,00% (31 December 2013: Libor +0,85 and Libor+ 5,00%)

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

Commitments and financial terms about borrowings

Media

OOO Pronto Moscow, one of the indirect subsidiaries of the Group, has restructured its bank loan classified under the short-term portion of long-term financial liabilities as of 31 March 2014 and 31 December 2013 amounting to USD 70.000 with 6,25% interest rate and maturity date of April 2014. The maturity of the related loan has been extended in December 2013 to 20 April 2015 using the one year extension option in the contract. Deposit amounting to USD 70.000 has been blocked as collateral in accordance with the loan agreement of Doğan Holding.

Share Pledges

As of the 31 December 2014, 15% shares of Doğan Yayın Holding (300.000.000 (exact) shares), 20,87% shares of Kanal D (10.747.548 (exact) shares) were given as pledges to financial institutions in respect of the long-term financial borrowings of the Group.

Other

Akdeniz and Galata Wind

Subsidiaries of the Group in respect of the loans used by Akdeniz Elektrik and Galata Wind certain financial covenants that must be met are available. Defined in the credit agreement "Debt Service Coverage Ratio" (DSCR) should be minimum 1,05. Borrowers and guarantors, committed DSCR to be at this level until the debt has been paid back completely. The minimum rate of DSCR, determined by loan agreement remained below two times in a row and then deemed in a default state when not decrease to the minimum level of DSCR through a capital increase. DSCR calculations will be made every six months.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

Finance lease liabilities:

The Group acquired property, plant and equipment through finance leases. As of 31 March 2014, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 16.433 (31 December 2013: TL 18.641).

The redemption schedules of long-term leasing payables at 31 March 2014 and 31 December 2013 are summarized below.

	31 March 2014	31 December 2013
2015 and after	5.975	8.390
	5.975	8.390

Allocation of borrowings with fixed and floating interest rates of the Group as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Loans with fixed interest rates (Note 34)	1.233.275	988.748
Loans with floating interest rates (Note 34)	951.091	1.098.510
Total	2.184.366	2.087.258

Interest bearing payables to suppliers

Interest bearing payables to suppliers are related to the machinery and equipment purchases of Hürriyet and Doğan Ofset, subsidiaries of Doğan Yayın Holding. Interest rates of these short and long-term payables in EUR 1,83% (31 December 2013: EUR 1,60%).

The maturity analysis of long-term interest bearing payables to suppliers at 31 March 2014 and 31 December 2013 as follows:

	31 March 2014	31 December 2013
2015 and after	2.280	4.693
Total	2.280	6.929

As of 31 March 2014, the Group's short-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 4.578 (31 December 2013: TL 6.436), short-term financial liabilities at fixed rate are amounting to 2.643 (31 December 2013: None) and long-term financial liabilities at variable interest are TL 2.280 (31 December 2013: TL 2.226) and short term financial liabilities with variable interest rate are not available (Note 34).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

Interest bearing payables to suppliers (Continued)

The exposure of the Group's financial liabilities to suppliers to the risk of interest rate changes and the contractual repricing dates are as follows:

	31 March 2014	31 December 2013
6 months and less	6.858	8.662
Between 1-5 year	2.643	2.467
Total	9.501	11.129

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

b) Other financial liabilities

As of 31 March 2014 and 31 December 2013 details of other financial liabilities are presented below.

Other short term financial liabilities:	31 March 2014	31 December 2013
Financial liabilities due to call and put options (Note 17)	204.845	199.365
Factoring payables	11.040	-
	215.885	199.365

Other long term financial liabilities:	31 March 2014	31 December 2013
Financial liabilities due to call and put options (Note 17)	-	183.182
	-	183.182

Share Put Options

Oglasnik d.o.o. Option

Hürriyet, a subsidiary of the Group, has granted a put option, on the 30% shares outstanding during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o in Croatia. Discussions concerning the use of this option as of the reporting date of these financial statements are still ongoing. As of 31 March 2014, the fair value of the option is calculated as TL 16.575 and classified in "Other short-term financial liabilities" (31 December 2013: TL 16.155) (Note 17). There is a dispute on the protocol between the contract parties and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A determination of the validity of the option contract lawsuit has been filed against the Group by the non-controlling interest shareholders regarding the fact that they could not exercise the put option. An alternative compensation as EUR 3.5 million plus overdue interest has been claimed with the lawsuit. The third trial was made on July 3, 2013 and the arbitration process is still ongoing as of balance sheet date.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

<u>Short-term trade receivables</u>	31 March 2014	31 December 2013
Trade receivables	1.041.645	987.793
Notes and cheques receivable	31.444	33.323
Income accruals	6.132	5.981
Total	1.079.221	1.027.097
Less: unearned financial income due to sales with maturity	(7.058)	(6.595)
Less: provision for doubtful receivables (-)	(240.395)	(232.160)
Total	831.768	788.342

In the media segment of the Group, the average maturity of not overdue trade receivables, followed by Doğan Faktoring, is between 67 and 101 days as of the balance sheet date (31 December 2013: 67-101 days).

In the media segment of the Group, the average maturity of not overdue trade receivables is 45 days as of the balance sheet date (31 December 2013: 45 days).

In the other segment of the Group, the average maturity of not overdue trade receivables is between 30 and 90 days as of the balance sheet date (31 December 2013: 30-90 days). Average discount rate calculated as annual compound of trade receivables is 12,01% (31 December 2013: 12,01%).

<u>Long-term trade receivables</u>	31 March 2014	31 December 2013
Notes and cheques receivable ⁽¹⁾	3.204	3.507
Unearned financial income due to sales with maturity	(665)	(783)
	2.539	2.724

(1) Notes receivables consist of sales with maturity of Milpa's Automall Project a subsidiary of the group in 2012.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movements of long term and short term provisions for doubtful receivables for the current period is as follows:

	2014	2013
1 January	(232.160)	(201.844)
Provision booked in the current period (Note 27)	(10.796)	(8.047)
Collections and cancelled provisions	1.830	2.325
Currency translation differences	731	567
31 March	(240.395)	(206.999)

Guarantees for trade receivables

As of 31 March 2014, trade receivables of amounting to TL 263.170. (31 December 2013: TL 181.702), were past due but not impaired. The Group does not foresee any collection risk for these overdue receivables due to sector dynamics and circumstances.

As of 31 March 2014, the Group has letters of guarantee, guarantee notes, guarantee cheques, bails, receivable insurance, pledges and mortgages amounting to TL 81.715 (31 December 2013: TL 47.596) related to trade receivables amounting to TL 834.307 (31 December 2013: TL 791.066). The guarantees received for the total trade receivables of the Group consist of bank guarantee letter amounting to TL 4.649 (31 December 2013: TL 5.233), bails and mortgages amounting to TL 37.511 (31 December 2013: TL 32.739), checks and notes amounting to TL 13.404 (31 December 2013: TL 9.624), receivable insurance amounting to 24.661, vehicle pledge amounting to 1.490 (31 December 2013: None) In these guarantees, bank guarantee letter amounting to TL 80, bails and mortgages amounting to TL 15.829, cheques and notes amounting to TL 8.254, receivable insurance amounting to TL 4.581 and vehicle pledge amounting to TL 1.267 was received overdue but not impaired receivables. (31 December 2013: bank guarantee letter amounting to TL 1.344, bails and mortgages amounting to TL 19.552, cheques and notes amounting to TL 7.487, receivable insurance amounting to 4.356 was received overdue but not impaired receivables. (Note 34).

Short-term trade payables

	31 March 2014	31 December 2013
Trade payables	515.533	435.289
Provision for liabilities and expenses	37.019	57.828
Provision for broadcasted programmes	5.044	2.237
Notes payables	4.005	3.965
Other	1.698	51
Less: deferred financial expense due to purchase with maturity	(676)	(1.218)
Total	562.623	498.152

The average maturity of not over due trade payables is between 18 and 90 days as of 31 March 2014 (31 December 2013: 30-90 days).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

	31 March 2014	31 December 2013
Other short-term receivables		
Notes receivables ^{(1) (2)}	84.905	105.020
Deposits and guarantees given	4.345	3.498
Other miscellaneous receivables	1.877	1.206
	91.127	109.724
Other long-term receivables		
Notes receivable ^{(1) (3) (4)}	18.207	11.456
TEİAŞ power transmission line receivables ⁽⁵⁾	7.978	8.000
Deposits and guarantees given	2.145	3.226
Other miscellaneous receivables	4	5
	28.334	22.687

- (1) TL 32.062 (31 December 2013: TL 31.443) of short-term notes receivables and TL 2.624 (31 December 2013: TL 10.243) of long-term notes receivables are composed from the sales of shares of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names to DK Gazetecilik ve Yayıncılık A.Ş. at 2 May 2011. Notes receivables are shown at discounted amounts. The discount amount as of 31 March 2014 is TL 420 (31 December 2013: TL 543).
- (2) Hürriyet, a subsidiary of the Group, sold the properties that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, İstanbul in 2012 to Nürol Gayrimenkul Yatırım Ortaklığı in consideration of USD 127.500 (TL 225.994), excluding late interest. USD 17.500 of the consideration was paid in cash and the remaining portion which amounts to USD 110.000 is payable in 32 equal installments as of 6 March 2012 by applying 3,5% interest rate for the remaining installment portions. As of 31 March 2014, USD 26,053 (TL 52.692) of the related consideration is recognized as short-term notes receivables and cheques. (31 December 2013: USD 34.375 (TL 73.367)). Interest amount that is collectible in relation to principal amount is USD 6.396, and USD 2.014 (TL 3.570) of the related amount, excluding VAT, has been collected and is recognized as other income from operating activities in the accompanying financial statements in the current period. Interest accrual calculated by using the effective interest rate in the current period amounts to USD 99 (TL 210) and is recognized as short-term notes receivables and cheques and finance income in the accompanying financial statements. (31 December 2013: USD 99 (TL 210))
- (3) Long-term notes receivable amounting to TL 1.213 (31 December 2013: TL 1.213) consist of the notes receivables of other subsidiaries.
- (4) “Superficies Right” of Milta Turizm, a subsidiary of the Group, registered on 23 December 2013 to the deed, for 49 years beginning from 11 April 1985 on 92.476m2 sized surface in Göynük village of Kemer, Antalya has been sold to Ceylan İşletme İnşaat Turizm Yatırım Nakliyat Gıda İçecek Sanayi ve Ticaret A.Ş. for EUR 20.000 on 18 February 2014 by negotiation. EUR 15.000 will be paid upfront and the remaining EUR 5.000 will be collected in four equal installments (EUR 1.250) beginning from 31 August 2015 until 31 August 2018. As of 31 March 2014, related notes were accounted with discount of TL 14.370 under long term other receivables.
- (5) The amount consists of the receivables of Akdeniz Elektrik and Galata Wind from the power transmission line of TEİAŞ.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

	31 March 2014	31 December 2013
Other Short Term Payables		
Taxes and funds payable	29.435	51.083
Deposits and guarantees received	2.211	482
Other short term payables	15.085	2.347
	46.731	53.912

	31 March 2014	31 December 2013
Other Long Term Payables		
Deposits and guarantees received	13.455	13.658
Other long term payables	474	652
	13.929	14.310

NOTE 11 - INVENTORIES

	31 March 2014	31 December 2013
Short term inventory		
Finished goods and merchandise ⁽¹⁾	161.769	173.772
Raw materials and supplies	91.093	84.856
Semi-finished goods	12.395	9.822
Promotion stocks	7.194	5.037
Other inventories	9.232	8.386
	281.683	281.873
Provision for impairment of inventory	(8.337)	(8.056)
	273.346	273.817

(1) As of 31 March 2014 TL 26.452 (31 December 2013: TL 26.701) of finished goods consists of the inventories related to housing projects run by subsidiary Milpa.

As of 31 March 2014, TL 69 (31 December 2013: TL 206) depreciation and amortization expense have been reflected to the inventories.

Promotional materials consist of books, CDs, DVD and electronic educational products that were provided with the newspapers. Determining whether the promotion stocks is impaired or not and, if impaired, assessment of the amount is carried out by Group management. In this context, impairment amount is determined by considering the purchase date, current condition of stocks and rates identified by Group management.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 11 – INVENTORIES (Continued)

Movements of the provision for impairment of inventories are as follows:

	2014	2013
1 January	(8.056)	(7.547)
Provision booked in the current period (Note 27)	(418)	(315)
Discontinued operations reversal of provision in current period	111	-
Reversal of provision	26	85
31 March	(8.337)	(7.777)

NOTE 12 - - BIOLOGICAL ASSETS

Biological assets of Doğan Organik, a Group's subsidiary, amounted to TL 213 as of 31 March 2014 (31 December 2013: TL 219).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property during the interim periods ended 31 March 2014 and 31 March 2013 are as follows.

	1 January 2014	Additions	Disposals	Transfers	Reversal of impairment provision	Currency translation differences	31 March 2014
Land	170.683	-	-	-	-	4.554	175.237
Building	55.481	1.881	(4.642)	-	220	-	52.940
Net book value	226.164						228.177

	1 January 2013	Additions	Disposals	Transfers	Reversal of impairment provision	Consolidation change effect	31 March 2013
Land	146.113	-	-	-	-	-	146.113
Building	83.263	7.158	(9.017)	(227)	580	-	81.757
Net book value	229.376						227.870

The group has generated a rent income of TL 143 from investment properties (31 March 2013: TL 685). Direct operating costs in the current period resulting from investment properties is TL 154 (31 March 2013: TL 259). There is no collateral or mortgage on investment properties of the Group.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the interim periods ended 31 March 2014 and 31 March 2013 are as follows:

	1 January 2014	Additions	Disposals	Transfers	Classified as asset held for sale	Acquisition of subsidiary	Disposal of subsidiary ⁽²⁾	Currency Translation differences	31 March 2014
Cost:									
Land and land improvements	114.747	42	(17)	-	-	-	-	296	115.068
Buildings	139.351	640	(261)	-	-	-	-	(387)	139.343
Machine and equipments	1.174.622	6.564	(2.251)	2.556	-	-	-	2.184	1.183.675
Motor vehicles	112.944	4.092	(1.849)	-	-	-	-	35	115.222
Furniture and fixtures	428.281	15.427	(10.685)	98	-	-	-	(519)	432.602
Leasehold tangible assets improvements	136.920	1.417	-	-	-	-	-	28	138.365
Other non-current assets	9.546	286	-	-	-	-	-	-	9.832
Construction in progress	9.135	2.015	(2.354)	(3.061)	-	-	-	(1.078)	4.657
	2.125.546	30.483	(17.417)	(407)	-	-	-	559	2.138.764
Accumulated depreciation:									
Land and land improvements	5.467	112	(21)	-	-	-	-	-	5.558
Buildings	79.574	1.639	(137)	225	-	-	-	(326)	80.975
Machine and equipments	777.905	16.990	(2.729)	(107)	-	-	-	1.469	793.528
Motor vehicles	58.029	2.824	(326)	-	-	-	-	26	60.553
Furniture and fixtures	221.726	13.259	(3.914)	3	-	-	-	(423)	230.651
Leasehold tangible assets improvements	80.729	1.968	(19)	(313)	-	-	-	(134)	82.231
Other non-current assets	832	-	(5)	-	-	-	-	-	827
	1.224.262	36.792	(7.151)	(192)				612	1.254.323
Net book value	901.284								884.441

There is a mortgage of TL 19.547 on property, plant and equipment as of 31 March 2014. (31 December 2013: TL 19.087). Net book value of property, plant and equipment acquired by leasing is TL 48.599 (31 December 2013: TL 45.540) and accumulated depreciation of such assets is TL 36.613 (31 December 2013: TL 34.359) as of 31 March 2014.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2013	Additions	Disposals	Transfers	Classified as asset held for sale	Acquisition of subsidiary	Disposal of subsidiary	Currency Translation differences	31 March 2013
Cost:									
Land and land improvements	115.756	13	(1)	11	-	-	-	(169)	115.610
Buildings	137.542	32	-	(467)	-	-	-	(590)	136.517
Machine and equipments	1.108.171	7.175	(1.956)	15.794	-	-	-	(859)	1.128.325
Motor vehicles	104.479	2.366	(1.623)	-	-	-	-	(20)	105.202
Furniture and fixtures	370.937	16.682	(6.701)	(1.173)	(157)	-	(197)	(99)	379.292
Leasehold tangible assets improvements	125.724	1.257	(141)	470	-	-	-	(31)	127.279
Other non-current assets	9.548	-	-	-	-	-	-	-	9.548
Construction in progress	43.954	7.403	(4.635)	(15.936)	-	-	-	(91)	30.695
	2.016.111	34.928	(15.057)	(1.301)	(157)	-	(197)	(1.859)	2.032.468
Accumulated depreciation:									
Land and land improvements	5.094	93	(1)	-	-	-	-	-	5.186
Buildings	71.819	1.629	-	-	-	-	-	(148)	73.300
Machine and equipments	704.224	15.423	(1.608)	-	-	-	-	(790)	717.249
Motor vehicles	51.666	2.669	(597)	-	-	-	-	(155)	53.583
Furniture and fixtures	184.998	13.271	(1.617)	-	(144)	-	-	(56)	196.452
Leasehold tangible assets improvements	70.677	2.482	(141)	-	-	-	-	19	73.037
Other non-current assets	721	17	-	-	-	-	-	-	738
	1.089.199	35.584	(3.964)	-	(144)	-	-	(1.130)	1.119.545
Net book value	926.912								912.923

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 15 – INTANGIBLE ASSETS

	1 January 2014	Additions	Disposals	Transfers	Currency translation differences	Disposal of subsidiary	Consolidation change effect	31 March 2014
Customer list	345.519	-	-	-	(14.923)	-	-	330.596
Trade names and licenses (Media)	318.688	-	-	-	(5.322)	-	-	313.366
Electricity production license	355.044	-	-	-	-	-	-	355.044
Other	457.380	15.393	(2.913)	(8.509)	(2.566)	-	-	458.785
	1.476.631	15.393	(2.913)	(8.509)	(22.811)	-	-	1.457.791
Accumulated amortization:								
Customer list	143.574	5.176	-	-	(3.256)	-	-	145.494
Trade names and licenses (Media)	22.395	394	-	-	(660)	-	-	22.129
Electricity production license	13.747	1.912	-	-	-	-	-	15.659
Other	317.542	13.980	(2.644)	(8.724)	(730)	-	-	319.424
	497.258	21.462	(2.644)	(8.724)	(4.646)	-	-	502.706
Television program rights	76.471							187.572
Net book value	1.055.844							1.042.657

Movement of Television program rights for 2014 is as follows:

	1 January 2014	Additions	Discontinued operations	Depreciation	Currency translation differences	Provision for impairment of program rights and inventory	31 March 2014
Television program rights	76.471	25.429	-	(14.589)	261	-	87.572

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 15 – INTANGIBLE ASSETS (Continued)

	1 January 2013	Additions	Disposals	Classified as assets held for sale	Currency translation differences	Disposal of subsidiary	Consolidation rate change effect	31 March 2013
Cost:								
Customer list	310.305	-	-	-	(3.488)	-	-	306.817
Trade names and licenses(Media)	295.435	-	-	-	(576)	-	-	294.859
Electricity production license	355.044	-	-	-	-	-	-	355.044
Other	401.354	6.986	-	(807)	(977)	-	-	406.556
	1.362.138	6.986	-	(807)	(5.041)	-	-	1.363.276
Accumulated amortization:								
Customer list	108.192	4.682	-	-	(1.834)	-	-	111.040
Trade names and licenses(Media)	19.200	365	-	-	(74)	-	-	19.491
Electricity production license	4.611	1.912	-	-	-	-	-	6.523
Other	281.083	10.357	-	(347)	(778)	-	-	290.315
	413.086	17.316	-	(347)	(2.686)	-	-	427.369
Television program rights	56.988							60.821
Net book value	1.006.040							996.728

Movement of Television program rights for 2013 is as follows:

	1 January 2013	Additions	Depreciation	Currency translation differences	Program rights and inventories provision for impairment	31 March 2013
Television program rights	56.988	9.896	(5.998)	(38)	(27)	60.821

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 15 – INTANGIBLE ASSETS (Continued)

Intangible assets with indefinite useful lives

As of 31 March 2014, the Group has determined that brand names with carrying value of TL 281.827 have indefinite useful lives (31 December 2013: TL 291.484) (Note 2). The utilization period of brand names with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Movement of the goodwill for the interim periods ended as of 31 March 2014 and 2013 is as follows:

	2014	2013
1 January	520.005	518.957
Currency translation differences	(4.069)	(776)
Other ⁽¹⁾	-	(10.387)
31 December	515.936	507.794

(1) Other relates to the changes in fair value of put options.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 16 - GOVERNMENT GRANTS

- The Group, obtained six investment incentives certificate for the imported equipments amounting to USD 13.805 and domestic equipments amounting to TL 1.502 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT. The investments amounting to USD 13.595 for imported equipments and TL 1.502 for domestic equipments are realized within these certificates as of 31 March 2014 (31 December 2013: Imported equipments USD 13.595 and domestic equipments TL 1.502).
- Ditaş, a subsidiary of the Group, benefits from the tax and insurance premium incentive both under the scope of Social Security and General Health Insurance Law (Law 5510) and Support on Research and Development (Law 5746). In this context, the incentive of the insurance premium and income tax amounting to TL 163 (31 December 2013: TL 134) is recorded against the labour expense under cost of goods sold in the financial statements.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	31 March 2014	31 December 2013
Provision for lawsuits	33.824	31.189
Other	4.200	392
	38.024	31.581

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

(a) Law Cases

The amount of lawsuits against the Group is TL 71.182 as of 31 March 2014 (31 December 2013: TL 80.623).

	31 March 2014	31 December 2013
Legal cases	61.530	65.797
Commercial cases	2.507	5.552
Business cases	5.691	7.664
Other	1.454	1.610
Total	71.182	80.623

A provision for lawsuits filed against the Group whose details are given above amounting to TL 33.824 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 2013: TL 31.189). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against Doğan Yayın Holding and its subsidiaries and lawsuits initiated by the Radio and Television Supreme Council.

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

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

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

The amount of EUR 375.000 which is determined as the initial sale price above, can change depending on the terms details of which are explained below. According to the contract, "initial sale price" will be revised based on whether the "initial public offering" ("IPO") of the shares of Doğan TV Holding or not.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

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

Doğan Yayın Holding:

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

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

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

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

Doğan Yayın Holding (Continued) :

As of the balance sheet date, the Group prepared 2014-2020 cash flow projections of Doğan TV Holding to determine whether it assumes any liabilities with regards to the "initial sale price" regarding the Agreement and also completed the fair value assessment as of 31 December 2013. No liability was recorded in the consolidated financial statements in connection with the sale of Axel Shares to Axel Springer, which equals to 12,43% of Doğan TV Holding equity based on the calculated fair value framework, initial public offering scenarios, contract terms and future uncertainties being considered.

In addition to the requirements above, if Doğan TV's public offering occurs in 2014 under the scope of revised agreement signed at 11 June 2013 by the Group and if the estimated initial public offering price is less than the "initial sales price" amount plus EUR 27.000 but by all means above the "initial sale price", positive difference as a reference account arising from the interest paid for the first and second part of DTV Put Option I of which Doğan TV is a party to the agreement in January 2013 and January 2014 and interest for the third part of DTV Put Option I in January 2015 shall be paid by the Axel Springer Group to Doğan Yayın Holding A.Ş..

Doğan Holding:

DTV Put Option I

Specified below conditions set out in the agreement signed on 19 November 2009 are applicable as of 19 February 2010 and they have been finalized with the amendment agreement on 31 October 2011.

- Axel Springer Group has a sale option and Doğan Holding has a commitment to purchase 33.843.238 (exact) number of shares for a consideration of EUR 50.000 in each period at January 2013, January 2014 and January 2015 (DTV Put Option I). Axel Springer Group has an option to sell some or all of the related shares.

Payable amount will include interest calculated based on the 12 months compound Euro Libor plus 100 basis points starting from 2 January 2007.

As of 31 January 2013, Doğan Holding acquired 33.843.238 (exact) registered group B shares which equals to 2,48844% of paid in capital of Doğan TV Holding first tier for EUR 50.000 as stated above with TL 1 of nominal value in consideration of EUR 61.572 in total. After the related share purchase, Doğan Holding's direct share on Doğan TV Holding became 2,48844%.

The Group's purchase commitment in respect of IAS 32 "Financial Instruments: Disclosure and Presentation", a portion of the liability in the Group's own equity instead of cash, regardless of ability to pay the amount on the balance sheet at amortized over the estimated value of the financial be submitted as a liability. In this respect, as of 31 March 2014 "DTV Option I" covered liabilities in the accompanying consolidated balance sheet at amortized amount of TL 188.270 (31 December 2013: TL 366.392). The entire stated amount is presented (31 December 2013: TL 183.210) as a part of the "short-term financial liabilities", and as of 31 March 2014 no "long-term financial liabilities" is left (31 December 2013: TL 183.182) (Note 8).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

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

Doğan Holding (continued):

DTV Put Option II:

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

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

Whereas, with the amendment agreement dated 31 October 2011, EUR 4,1275 (exact) per share is updated as EUR 1,3725 (exact) because of the increase in the share capital of Doğan TV Holding.

As per the Amendment Agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to 50.000 EUR each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as of 10 February 2012, and one of these guarantee letter was expired after the acquisition on January 2013. Also on same date 3rd guarantee letter amounting to EUR 50.000 was given for 34.183.593 (exact) share to be used from January 2015.

(c) Put Options:

OOO Pronto Moscow Option

OOO Pronto Moscow, a indirect subsidiary of the Group, has extended the maturity of 70.000 USD with April 2014 term to 20 April 2015 which was classified under short-term portion of long-term borrowings as of 31 March 2014 and 31 December 2013 by using 1 year delay option on contract. Besides, the interest rate which was 6,40 % as of 31 December 2012 was decreased to 6,25 % in the current period. Under the loan restructuring agreement, Doğan Holding's USD 70.000 of deposit amount has been blocked as a guarantee against the related loan (Note 19).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

(c) Put Options (Continued):

Oglasnik d.o.o. Option

Hürriyet, a subsidiary of the Group, has granted a put option, on the 30% shares outstanding during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o in Croatia. Discussions concerning the use of this option as of the reporting date of these financial statements are still ongoing. As of 31 March 2014, the fair value of the option is calculated as TL 16.575 based on various valuation techniques and assumptions and classified in "Other short-term financial liabilities" (31 December 2013: TL 16.155) (Note 8). There is a dispute on the protocol between the contract parties and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A determination of the validity of the option contract lawsuit has been filed against the Group by the non-controlling interest shareholders regarding the fact that they could not exercise the put option. An alternative compensation as EUR 3.5 million plus overdue interest has been claimed with the lawsuit. The third trial was made on July 3, 2013 and the arbitration process is still ongoing as of balance sheet date.

(d) Other

Milpa:

The Land of Ömerli

Under the revenue sharing and/or costruction for flat for land basis agreement signed with the landowners in relation to the Milpa's , one of the subsidiaries of the Group, 2.093.941 m2 of land which is classified as investment property in the consolidated financial statements, with the parcel no:1154 in Kurtdoğan village, in Pendik in İstanbul, there is an annotation about the construction agreement. The related land is situated at the Habitat Park Area and Recreation Area in the İstanbul Environmental Plan which was approved on 15 June 2009 with a scale of 1/100.000. The remaining parcel no: 1155, which is 144.266 m2, is situated at the Forest Land. In addition, the related parcels are situated at the soil classification section of Kurtdoğan, Emirli, Kurnaköy, Ballica and Göçbeyli villages organized in İstanbul Metropolitan Area East Side pendik, İstanbul in accordance with the Soil Conservation and Land Use Law No: 5403. Parcel no: 1154 in full and small part of parcel no: 1155 are situated at the Marginal Agricultural Area eligible for non-agricultural use and significant part of parcel no:1155 is situated at the Military Area.

144.266 m² of the land was removed from forestry land with a court decision taken in 2005. The Forestry Directorate appealed the decision at the 20th Chamber of the High Court and the objection was accepted on 24 June 2008 and these decisions (removing from forestry land) are sent to the Pendik Court of First Instance for re-evaluation. The Court reiterated its initial decision on 8 October 2009. The Ministry of Forestry appealed the Court's decision and the related case file was re-sent to the Civil Department No: 20 of the Court of Appeal and re-transferred to the Pendik Court of First Instance Aforesaid Court follows the Supreme Court 20th Civil Chamber's reversal decision and has postponed the trial date to 5 June 2014 with the purpose of re-exploration and evaluation of Forestry Ministry's claims.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

(d) Other (continued)

Milpa (continued):

The Land of Ömerli (Continued)

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area. Milpa appealed this plan with the İstanbul Metropolitan Municipality within the legal deadline and is waiting for related responses.

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2014

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

NOTE 18 - COMMITMENTS

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

		31 March 2014					31 December 2013				
		TL Equivalent	TL	USD	EURO	Other	TL Equivalent	TL	USD	EURO	Other
A. CPM’s given in the name of its own legal personality											
	Guarantees ⁽¹⁾	346.782	93.298	41.476	54.090	-	500.475	97.284	37.119	110.325	-
	Pledge	141.211	-	64.486	-	-	228.221	-	69.101	27.495	-
	Mortgage ⁽²⁾	19.764	217	-	6.500	-	19.087	-	-	6.500	-
B. CPM’s given on behalf of the fully consolidated companies											
	Guarantees ^{(1) (3)}	1.563.969	41.636	467.788	165.593	-	1.682.172	36.149	530.070	175.275	-
	Pledge	-	-	-	-	-	-	-	-	-	-
	Mortgage	-	-	-	-	-	-	-	-	-	-
C. CPM’s given on behalf of third parties for ordinary course of business											
	Guarantees	-	-	-	-	-	-	-	-	-	-
	Pledge	-	-	-	-	-	-	-	-	-	-
	Mortgage	-	-	-	-	-	-	-	-	-	-
D. Total amount of other CPM’s given											
i)	Total amount of CPM’s given on behalf of the majority shareholder	-	-	-	-	-	-	-	-	-	-
ii)	Total Amount of CPM’s given on behalf of third parties Which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii)	Total Amount of CPM’s given on behalf of third parties Which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total		2.071.726					2.429.955				

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

(2) There is a mortgage amounting to TL 19.764 over the tangible fixed assets of Group’s subsidiary Hürriyet as of 31 March 2014 (31 December 2013: TL 19.087).

(3) Doğan Holding has bail amounting to USD 52.800 given to credit institutions within the scope of Aslancık Elektrik’s hydroelectric power plant construction that is planned to be completed in 2013 (31 December 2013: USD 52.800).The entity gave bank guarantees amounting to USD 59.761 for Boyabat Elektrik’s long term project financing bank loan (31 December 2013: USD 78.018).

(4) 33.33% shares of Aslancık Elektrik (45.000.000 (exact) shares), 33% shares of Boyabat (6.996.000 (exact) shares), 100% of Akdeniz’in (20.000 (exact) shares), 100% of Galata Wind’in (68.700 (exact) shares) and 100% of Nakkastepe Elektrik (141.500.000 (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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 18 - COMMITMENTS (Continued)

a) Letters of guarantees and guarantee notes given (Continued):

Other CPM given by the Group to equity ratio is 0% as of 31 March 2014 (31 December 2013: 0%). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 March 2014		31 December 2013	
	Original currency	TL equivalent	Original currency	TL equivalent
Letters of guarantees - EUR	175.743	528.494	241.407	708.892
Letters of guarantees - TL	97.653	97.653	97.591	97.591
Letters of guarantees - USD	40.988	89.756	37.119	79.223
Letters of guarantees - Other	-	-	-	-
Guarantee notes - TL	25.702	25.702	25.634	25.634
Guarantee notes - EUR	806	2.424	7.043	20.682
Guarantee notes - USD	488	1.069	-	-
Total		745.098		932.022

Doğan TV Holding, one of the subsidiaries of Doğan Yayın Holding, has given letters of guarantees amounting to EUR 50.000 to UEFA (Union Européenne de Football Association or Union of European Football Associations) in 2008 for broadcasting rights of UEFA Champions League, UEFA Super Cup and UEFA Cup games for the period 2012-2015.

Explained as in Note 18, as per the amendment signed on 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to secure the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 each were given by Doğan Holding as at 10 February 2012. In addition, Doğan Holding has also given a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares in the same period to be used as of January 2015. Two of the bank guarantee letters which were given related with the "put option" amounting to EUR 50.000 exercised in January 2013 and January 2014 were released and accordingly, the number of guarantee letters given to the bank regarding the put option decreased to 1.

(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 March 2014 and 31 December 2013 are as follows:

	31 March 2014		31 December 2013	
	Original Currency	TL equivalent	Original Currency	TL equivalent
Bails - EUR	43.135	129.716	37.150	109.091
Bails - USD	467.787	1.024.361	530.070	1.131.328
Bails - TL	11.576	11.576	9.989	9.989
Bails - CHF	-	-	-	-
Mortgages - EUR	6.500	19.547	6.500	19.087
Mortgages - TL	217	217	217	217
Total		1.185.417		1.269.712

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 18 - COMMITMENTS (Continued)

(c) Barter agreements

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

As of 31 March 2014, the Group has a commitment for the publication of advertisements amounting to TL 3.615 (31 December 2013: TL 10.525) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 13.321 (31 December 2012: TL 32.496) in exchange of the goods or services sold.

NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 March 2014	31 December 2013
Other current assets		
Blocked deposits ⁽¹⁾	163.038	227.116
Value Added Tax ("VAT") receivables	30.380	27.554
Prepaid taxes	15.020	21.668
Work advances	5.062	7.608
Personnel advances	5.315	5.886
Programme stocks	13.973	4.044
Other	6.532	7.204
	239.320	301.080
Provision for impairment on programme stocks	(1.081)	(1.081)
Provision for other doubtful receivables	(812)	(873)
	237.427	299.126
	31 March 2014	31 December 2013
Other non-current assets		
Blocked deposits ⁽²⁾	366	233.642
Value Added Tax ("VAT") receivables	131.225	132.484
Deposits and guarantees given	171	229
Other	851	341
	132.613	366.696

(1) As of 31 March 2014, regarding the amendment agreement signed with the date of 28 February 2012 between the Company and Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH, EUR 50.000 (TL 150.360) was blocked related to share purchase option of Doğan TV Holding. TL 12.661 deposit as guaranty of the Group's credit and TL 17 deposit belonging to Galata Wind was blocked and accounted under current assets. (31 December 2013: Doğan Holding's time deposit amounting to USD 70.000 (TL: 149.401) TME; EUR 14.000 (TL 41.111), DMI; TL 11, Akdeniz Elektrik; TL 1, Galata Wind and additionally, Group's subsidiary Hürriyet's credit pledge of USD 17.144 (36.592 TL) were blocked (Note 17).

(2) As of 31 March 2014, related balance consists of TL 366 blocked deposit of Çelik Halat. (31 December 2013: As guaranty for Mozaik's loans, Doğan Holding's time deposit amounting to USD 40.500 (TL 86.439); TL 359 of Çelik Halat and within the scope of 28 February 2012 dated amendment agreement signed between, the Company and Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH, time deposit amounting to EUR 50.000 (TL 146.825) have been blocked and all of the amount were accounted under other non-current asset; additionally TL 19 for Hürriyet).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 20- PREPAID EXPENSES AND DEFERRED INCOMES

Details of prepaid expenses and deferred incomes as of 31 March 2014 and 31 December 2013 are as follows:

Short term prepaid expenses	31 March 2014	31 December 2013
Prepaid expenses ⁽¹⁾	41.051	28.653
Advances given	38.914	30.663
	79.965	59.316

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

Long term prepaid expenses	31 March 2014	31 December 2013
Advances given and prepayments ^{(1) (2)}	28.735	29.215
Prepaid expenses for the following years	12.212	8.555
Advances given for fixed asset purchases	-	395
	40.947	38.165

⁽¹⁾ Advances given and prepayments amounting TL 25.064 (31 December 2013: TL 25.708) consist of prepayments made by Doğan TV Holding, one of the subsidiaries of Doğan Yayın Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games will be refunded to Doğan TV Holding in case of cancellation of the games.

⁽²⁾ TL 3.180 (31 December 2013: TL 3.180) of the advances given and prepayments includes the expenses caused by the landowners and advances given to the landowners who passed their shares of the real estate Project in the land of Ömerli by Milpa which is a subsidiary of the Group for the part of the proceeds. 25% of the revenue of the project which Milpa is planning to develop, about the houses and offices will be committed and set-off to the landowners revenue-sharing or flat received from contractor for landownership by the proportion of their shares.

Short term deferred income	31 March 2014	31 December 2013
Deferred income	42.387	50.198
Advances received	10.107	16.249
	52.494	66.447

Long term deferred income	31 March 2014	31 December 2013
Deferred income	3.135	3.563
	3.135	3.563

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 21 - DERIVATIVE INSTRUMENTS

	31 March 2014		31 December 2013	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Derivative swap instruments				
Swap transactions in foreign exchange	-	2.193	-	2.440
Interest rate swap transactions	-	703	839	-
Total	-	2.896	839	2.440

(a) Derivative instruments against foreign exchange risk

The Group has made a Euro swap transaction amounting to USD 17.000 (31 December 2013: USD 20.000 related with bank borrowings. Fair value of financial liability resulted from open SWAP transactions as of 31 March 2014 is TL 2.193 TL (31 December 2013: Financial liability of TL 2.440).

(b) Interest rate swap transactions

Hürriyet, a subsidiary of the Group, had an interest rate swap agreement amounting to USD 10.000 with a maturity date of 2015 related with interest payments of bank borrowings to convert to Euro (Euribor) floating interest rate. Finance expense amounting to TL 247 is recognised during the period regarding these agreements.

Doğan TV Holding, one of the subsidiaries of the Group, had an interest rate swap agreement amounting to USD 11.111 in order to convert floating interest rate to fixed interest rate for its loan. According to the agreement, interest expense of the loan is fixed until 23 May 2014. Financial liability of TL 703 (31 December 2013: financial asset of TL 839) is recognised as of 31 March 2014 regarding these agreements. No financial income is recognised during the period regarding these agreements (31 December 2013: None).

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

a) Payables regarding benefits provided to employees

The details of payables regarding employee benefits at 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Social security payables	11.180	11.704
Payables to personnel	22.525	14.695
	33.705	26.399

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

b) Short term provision within employment benefits

Details of short term provision within employment benefits as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Unused vacation provision	45.296	41.373
	45.296	41.373

c) Long term provision within employment benefits

Details of long term provision within employment benefits as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Provision for employment termination benefits	105.483	103.521
	105.483	103.521

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, and achieves the retirement age. At 31 March 2014 the amount payable maximum equals to one month of salary is TL 3.438,22 (exact) (31 December 2013: TL 3.254,44 (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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provision within employment benefits (Continued)

Provision for employment termination benefits is not subject to any legal funding. 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. In 2012, the Group has decided to early adopt the amendments to TAS 19 which is applicable as of 1 January 2013 and recognized all actuarial gains and losses in other comprehensive income.

Actuarial assumptions used in the calculation of the retirement pay provision are as following:

- discount rate is applied as 9,70% (31 December 2013: 9,70%), inflation rate applied as 6,40% (31 December 2013: 6,40%) and rate of increase in real wages applied as 6,40% (31 December 2013: 6,40%) in the calculation.
- the calculation is made based on the maximum salary rate of TL 3.438,22 effective as of 31 March 2014 (31 December 2013: TL 3.254,44).
- age of retirement is based on considering the Company's historical operating data and taken as the average age of retirement from the Group.

The movement of severance pay within the period is as follows:

	2014	2013
1 January	103.521	94.375
Current period service cost from continued operations	2.399	5.218
Current period interest cost from continued operations	2.074	731
Payments during the period from continued operations	(2.511)	(2.527)
31 March	105.483	97.797

Total costs excluding the actuarial loss regarding severance pay are presented in consolidated statement of income prepared as of 31 March 2014. There is no actuarial loss as of 31 March 2014. (31 March 2013: None.)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 23 - EQUITY

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

Doğan Holding's authorized, historical and paid-in share capitals at 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Limit on registered capital	4.000.000	4.000.000
Issued capital	2.450.000	2.450.000

There are no privileged shares of Doğan Holding.

The ultimate 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 at 31 March 2014 and 31 December 2013 are as follows:

Shareholder	Share %	31 March 2014	Share %	31 December 2013
Adilbey Holding A.Ş.	52,68	1.290.679	52,68	1.290.679
Doğan Family	14,48	354.664	14,48	354.664
Publicly traded on Borsa İstanbul ⁽¹⁾	32,84	804.657	32,84	804.657
Issued capital	100	2.450.000	100	2.450.000
Adjustment to issued capital		143.526		143.526
Total		2.593.526		2.593.526

- (1) In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 32,39 % of the shares (31 December 2013: 32,36 %) are outstanding as of 31 March 2014 based on the Central Registry Agency's ("CRA") records. 34,29% of Doğan Holding's shares are publicly available. (31 December 2013: 34,29%)

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

Share Premiums/discounts

Premium/discount on shares refers to positive or negative differences between the nominal amount and sales amount of shares that are publicly traded.

Restricted Reserves Assorted from Profit

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).

General legal restricted reserves are segmented according to Turkish Commercial Code (TCC), number 519 and applied accordingly. Required amounts shall be classified in "Restricted Reserves" in accordance with the CMB's Financial Reporting Standards.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 23 – EQUITY (Continued)

Restricted Reserves Assorted from Profit (Continued)

Detail of restricted reserves assorted from profit as of 31 March 2014 and 31 December 2013 is given below:

Restricted reserves	31 March 2014	31 December 2013
Legal reserves	137.570	124.163
Gain on sale of subsidiary's shares	1.018.500	1.018.500
Total	1.156.070	1.142.663

Accumulated Other Comprehensive 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 are not reclassified in accumulated other comprehensive income and expenses are summarized below.

i. Investment Property Comprehensive Revaluation Reserves

Real estates recognized 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 in 2012 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 1.002 is recognized as revaluation reserve under shareholders equity.

ii. Actuarial 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. In 2012, the Group has decided to early adopt the amendments to TAS 19 which is applicable as of 1 January 2013 and recognized all actuarial gains and losses in other comprehensive income. Actuarial loss recognized under equity in the balance sheet amounts to TL 29.577 (31 December 2013: TL 29.577).

Accumulated Other Comprehensive Expenses to be Reclassified by Profit or Loss

i. Financial Asset Revaluation Reserves

Financial assets revaluation reserves occurred 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 stated in the current period of balance sheet under equity as Gain/(loss) on revaluation and reclassification, amounting to TL 2.845. (31 December 2013: TL 1.153 value increase).

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 balance sheet and their adjusted values are collectively presented in equity.

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:

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 23 – EQUITY (Continued)

Capital Reserves and Retained Earnings (Continued)

- If the difference is due to the inflation adjustment of “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 the inflation adjustment of “Restricted Reserves” and “Share Premium” and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under “Retained Earnings”. Other equity items are carried at the amounts valued in accordance with CMB’s Financial Reporting Standards.

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

Dividend Distribution

The Company decides to distribute profit and makes profit distribution in accordance with the Turkish Commercial Code, 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, the following can be distributed to shareholders as cash dividends,

- a) Retained earnings derived from the reparation of comparative financial statements based on the first time adoption of TAS/IFRS
- 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,

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.

At the Annual General Meeting of Doğan Holding held on 31 March 2014; considered in TTK, Capital Market Legislation, Capital Market Board (CMB.), CMB Regulations/Decisions, Corporate Tax, Income Tax, Amendments in Tax Procedural Law (TPL) and other related legal regulations with Articles of Partnership’s related terms and Dividend Distribution Policy which is disclosed to the public;

- Within the scope of the requirements of the CMB based on the audited consolidated financial statements prepared for the period 01.01.2013 – 31.12.2013 in accordance with Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (IFRS) , the Capital Markets Board (“CMB”)’s No. II-14.1 “Principles of Financial Reporting in Capital Markets” (“Communiqué No. II-1.14”), the Group’s “Consolidated Net Loss for the Period” is calculated as TL 38.140, considering its “current period tax expense”, “deferred tax expense” and “net loss on discontinued operations”. After the deduction of “accumulated loss” of TL 437.186 which is calculated based on the Dividend Distribution guide issued by CMB on 27.01.2014 with weekly bulletin numbered 2014/2 and addition of donations amounting to TL 788, and deduction of “Legal Reserve” amounting to TL 13.407 calculated in accordance with TCC Legislation No.519, it is noted that a “Donations included Net Loss for Period” of TL 487.945 has been incurred and decided not to distribute any profits for the period 01.01.2013 - 31.12.2013 based on the CMB’s profit distribution requirements and the matter to be submitted to the General Assembly,

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 23 - EQUITY (Continued)

Dividend Distribution (Continued)

- to state that there is an amount of "Net Period Profit" of TL 334.530 in the accounting period between January 1, 2013 and December 31, 2013 according to the legal records made as per Turkish Commercial Code and Tax Procedure Law; that the "Net Profit for the period" of TL 334.530 is to be deducted for the accumulated losses of TL 66.387 that are in our records; and that, out of the "Net Profit for the period" of TRY 268.143 left after the deduction, an amount of TL 13.407 is reserved as "General Legal Reserves" and TL 254.736 is reserved as "Extraordinary Reserves".

The CMB requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution in the financial statements prepared. As of the balance sheet date, the Company's gross amount of resources that may be subject to the profit distribution based on the statutory records amounts to TL 1.772.105. (31 December 2013: TL 1.781.968).

The shareholders equity of Doğan Holding is as below:

	31 March 2014	31 December 2013
Share capital	2.450.000	2.450.000
Adjustment to share capital	143.526	143.526
Share premium	630	630
Gains on revaluation of investment property	1.002	1.002
Actuarial losses in defined benefit plans	(29.577)	(29.577)
Translation reserve	132.797	143.215
Revaluation of financial assets available for sale and / or classification gains / losses	(2.845)	(1.153)
Restricted reserves assorted from profit	1.156.070	1.142.663
- <i>Legal reserves</i>	137.570	124.163
- <i>Gain on sale of equity participations</i>	1.018.500	1.018.500
Retained (loss)	(613.526)	(561.979)
Net income / (loss) for the period	(61.246)	(38.140)
Total shareholders' equity	3.176.831	3.250.187

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 24- REVENUE AND COST OF SALES

	1 January- 31 March 2014	1 January- 31 March 2013
Domestic sales	828.010	769.459
Sales abroad	103.917	100.606
Sales returns	(100.735)	(88.298)
Sales discount	(5.336)	(6.014)
Net sales	825.856	775.753
Cost of sales (-)	(663.440)	(580.174)
Gross profit	162.416	195.579

Sales income and cost of sales

The details of operating revenue for the interim periods ended 31 March 2014 and 2013 are disclosed in Note 5 – "Segment Reporting".

**NOTE 25 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND
DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

	1 January- 31 March 2014	1 January- 31 March 2013
General administrative expenses	92.782	87.130
Marketing expenses	121.311	102.873
Operating expenses	214.093	190.003

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 26 - EXPENSES BY NATURE

The details of cost of sales, marketing, selling and distribution expenses and general administrative expenses for the interim periods ended as 31 March 2014 and 2013 are as follows:

	2014	2013
Cost of trade goods sold	248.370	187.054
Personnel expenses	163.931	157.028
General production overhead	151.829	122.855
Depreciation and amortization ⁽¹⁾ (Note 14,15)	72.774	58.779
Raw material and supplies	68.665	67.318
Rent expenses	23.351	16.257
Transportation, storage and travel expenses	15.807	13.819
Advertisement expenses	13.218	5.015
Consulting expenses	11.176	8.845
Satellite usage fees	6.820	1.445
Telecommunication service expenses	7.993	9.106
Outsource expense	4.911	7.150
Various taxes	4.027	3.043
RTSC share in advertisement	3.838	4.549
Promotion expenses	3.353	3.411
Agency commission expenses	3.127	2.801
Communication expenses	975	3.796
Other	73.368	97.906
	877.533	770.177

(1) As of 31 March 2014, TL 69 of depreciation and amortisation expenses have been reflected to the inventories, accounted (31 March 2013: TL 119).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 March 2014	1 January- 31 March 2013
Other operating income		
Foreign exchange gains from operating activities	37.295	19.257
Unearned finance income and accruals due to sales with maturities	11.586	18.063
Interest income and accruals on bank deposits	11.421	23.670
Reversed provisions	3.264	4.484
Usage of VAT discount	1.580	1.113
Rent income	1.921	1.884
Other operating income	11.562	2.982
	78.629	71.453

	1 January- 31 March 2014	1 January- 31 March 2013
Other operating expense		
Foreign exchange losses from operating activities	(17.606)	(4.462)
Provision for doubtful receivables (Note 9)	(10.796)	(8.047)
Unearned finance expense and accruals Due to purchase with maturity	(2.398)	(7.188)
Provision for lawsuits	(5.727)	(4.331)
Other penalties and compensations paid	(804)	(871)
Tax and fund expense	-	(2.626)
Provision for impairment on inventory (Note 11)	(418)	(315)
Other operating expenses	(4.656)	(3.606)
	(42.405)	(31.446)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income and expenses from investing activities for the interim periods ended 31 March 2014 and 2013 are as follows:

Income from investing activities

	1 January- 31 March 2013	1 January- 31 March 2013
Exchange gain	23.826	12.974
Interest income and accruals of bank deposits	10.343	3.888
Interest income and accruals of securities	5.953	9.347
Fixed asset sales income	1.320	1.161
Gain on sale of subsidiary shares ⁽¹⁾	729	-
	42.171	27.370

Expenses from investing activities

	1 January- 31 March 2014	1 January - 31 March 2013
Exchange loss	(11.620)	(3.185)
Exchange loss related to share purchase commitment ⁽²⁾	(14.875)	(2.103)
Interest expense related to share purchase commitment ⁽³⁾	(678)	(751)
Loss on tangible asset sale	(1.029)	(7.923)
Provision for impairment on goodwill for assets held for sale	-	(3.537)
Loss on security sale	(3.930)	-
	(32.132)	(17.499)

(1) Sales income resulted from sale of subsidiary of Hürriyet, which is a subsidiary of the Group.

(2) Related balance consists of currency exchange loss regarding the share purchase option given to Axel Springer AG (Note 17).

(3) Related balance consists of interest expense regarding the share purchase option given to Axel Springer AG (Note 17).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 29 - FINANCE INCOME AND EXPENSE

The details of finance income for the interim periods ended 31 March 2014 and 2013 are as follows:

	1 January- 31 March 2014	1 January- 31 March 2013
Financial Income		
Foreign exchange gain	66.917	6.030
Total	66.917	6.030

The details of finance expenses for the interim periods ended 31 March 2014 and 2013 are as follows:

	1 January- 31 March 2014	1 January- 31 March 2013
Financial Expense		
Foreign exchange loss	(80.376)	(26.718)
Interest expense on bank loans	(43.432)	(32.162)
Bank commission expenses	(2.141)	(4.267)
Other	(1.100)	(988)
Total	(127.049)	(64.135)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 30 -NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Subsidiaries classified as assets and liabilities held for sale

As of November 2013, Hürriyet, a subsidiary of the Group, has decided to dispose of its subsidiaries operating in Hungary and classified the assets and liabilities of these companies as non-current assets as held for sale and therefore disclosed separately in the balance sheet. As of 7 April 2014, the Group transferred its subsidiary, Expressz Magyarország Media Kft to non-controlling interests for EUR 1.

Details of the assets and liabilities held for sale are as follows:

Assets and Liabilities	31 March 2014
Cash and cash equivalents	596
Trade receivables	471
Other receivables and current assets	720
Tangible and Intangible non-current assets	2.109
Provision for net assets disposed	(193)
Total assets classified as non-current assets held for sale	3.703
Trade payables	732
Other payables	687
Deferred tax liabilities	2.284
Total liabilities classified as non-current assets held for sale	3.703

In addition, Hürriyet, one of the subsidiaries of the Group, has agreed to sell its land of 17.725,69 m2 located in the district of İstanbul, Esenyurt for USD 9 thousand. As a result of this agreement, the land has been classified as non-current asset held for sale.

Assets	31 March 2014
Tangible non-current assets	4.572
Total assets classified as non-current assets held for sale	4.572

As of November 2013, Hürriyet, a subsidiary of the Group, has decided to dispose of its subsidiaries operating in Hungary and Croatia and classified the operations of these subsidiaries as discontinued operation in current and prior period. As of 31 March 2014, related asset has no significant effect to consolidated financial statements.

Net result of discontinued operations	2013
Sales	2.446
Cost of sales (-)	(1.447)
General administrative expenses (-)	(1.640)
Marketing, sales and distribution expenses (-)	(372)
Other operating income	240
Other operating expense (-)	(98)
Financial expense (-)	(4)
Loss before tax	(874)
Tax income	123
Loss from discontinued operations after tax	(751)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 31 – INCOME TAXES

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis for the all subsidiaries consolidated on line-by-line basis.

Corporate tax

Corporate tax liabilities for the periods ended 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Provision for period income tax	19.165	112.259
Prepaid taxes	(6.945)	(94.596)
Taxes Payable	12.220	17.663

	31 March 2014	31 December 2013
Corporate and income taxes payable	12.220	17.663
Deferred tax liabilities, net	45.151	66.242
Total	57.371	83.905

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 2014 is 20% (2013: 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 balance sheet to prepare their statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira effective from 1 January 2004. The merger bonuses which occurred as a result of the mergers in POAŞ and Doğan Gazetecilik, were classified as a equalizing account, which is neither an asset nor a liability, by the Group, in its financial statements 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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 31 – INCOME TAXES (Continued)

Turkey (Continued)

In accordance with the related law, the cumulative inflation of last 36 months inflation rate (CPI) must exceed 100% and the inflation rate (CPI) of last 12 months must exceed 10%. There has not been 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 five years.

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

As of 31 March 2014, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

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

Exemption for participation in subsidiaries

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

Issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 31 - INCOME TAXES (Continued)

Turkey (Continued)

Exemption for sale of participation shares and property

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

Russian Federation

The corporate tax rate effective in the Russian Federation is 20% (2013: 20%).

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

According to the Russian Federation's tax legislation, financial losses can be carried forward for 10 years to be deducted from future taxable income. Restriction on the deductible financial losses has been revoked as of 2007. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2013:30%). Rights related to tax losses that have not been utilized in the related years are expired.

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

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

The tax rates at 31 March 2014 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

<u>Tax</u>	<u>Tax</u>	<u>Country</u>	<u>Tax</u>
<u>Country</u>	<u>rates(%)</u>	<u>Country</u>	<u>rates(%)</u>
Germany ⁽¹⁾	28,0	Ukraine ⁽³⁾	18,0
Romania	16,0	Hungary ⁽²⁾	19,0
England	23,0	Slovenia	17,0
Croatia	20,0	Belarus	18,0
Kazakhstan	20,0	Netherlands ⁽⁴⁾	25,0

(1) Corporate tax rate is applied as 15% for Germany. With an additional solidarity tax of 5,5% effective corporate tax increases to 15.825% and municipal commerce tax varying in between 14% and 17% is also applied over the corporate tax.

(2) Tax rate is 10% for the tax base up to initial 500 million Hungarian Forint, and 19% for over 500 million Hungarian Forint

(3) From 1 January 2014 tax rate decreased from 19% to 18%. In 2015 it will decrease to 17% and to 16% in 2016.

(4) Tax rate is 20% for the tax base up to initial EUR 200.000, 25% for over EUR 200.000.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 31- INCOME TAXES (Continued)

Deferred Taxes

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

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the balance sheet dates.

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

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 March 2014 and 31 December 2013 using the enacted tax rates is as follows:

	Cumulative Temporary differences		Deferred tax assets/ (liabilities)	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Differences between the tax base and carrying value of property, plant and equipment and intangible assets	67.450	80.854	13.490	16.171
Carry forward tax losses	271.211	273.439	54.242	54.688
Provision for doubtful receivables	81.043	85.452	16.209	17.090
Provision for employment termination benefits and unused vacation	150.779	144.894	30.156	28.979
Derivative financial liabilities	2.922	2.440	584	488
Deferred financial income of trade receivables	3.167	2.638	633	528
Other	77.130	142.723	16.652	28.545
Deferred tax assets			131.966	146.489
Differences between the tax base and carrying value of property, plant and equipment and intangible assets	(871.014)	(963.056)	(174.203)	(192.611)
Fair value of Investment Property	(32.313)	(23.649)	(1.648)	(4.730)
Derivative financial assets	(861)	(839)	(172)	(168)
Other	(7.549)	(76.111)	(1.094)	(15.222)
Deferred tax liabilities			(177.117)	(212.731)
Deferred tax liabilities, net			(45.151)	(66.242)

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 31 - INCOME TAXES (Continued)

The Group recognized deferred tax assets over TL 271.211 of carry forward tax losses in the consolidated financial statements prepared in accordance with the CMB's Financial Reporting Standards at 31 March 2014 (31 December 2013: TL 317.372). As of 31 March 2014 and 31 December 2013, the maturity analysis of carry forward tax losses is as follows:

	31 March 2014⁽¹⁾	31 December 2013
2014	(84.480)	(87.256)
2015	(35.250)	(44.483)
2016	(38.607)	(63.208)
2017 and after	(112.874)	(122.425)
	(271.211)	(317.372)

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

Deferred tax assets are recognized 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 March 2014, the Group does not recognize deferred tax from carry forward tax losses amounted to TL 1.101.629 (31 December 2013: TL 1.128.603).

Movements for net deferred taxes for the interim periods ended at 31 March 2014 and 2013 are as follows:

	2014	2013
1 January	(66.242)	(87.226)
Deferred tax asset/(liability) resulted by fair value increase on financial asset	340	807
Current year (expense)/income	15.252	6.114
Currency translation differences	5.499	3.210
Other	-	726
31 March	(45.151)	(76.369)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 31 - INCOME TAXES (Continued)

The taxes on income reflected to the consolidated statement of profit or loss for the periods ended at 31 March 2014 and 2013 are summarized below:

	2014	2013
Current	(18.447)	(21.713)
Deferred	15.252	6.114
Total Tax	(3.195)	(15.599)

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 31 March 2014 and 2013 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2014	2013
Profit / (loss) before income taxes from continued operations	(91.494)	(10.194)
Current period tax expense calculated at 20%	18.299	2.039
Interest expense of base rate increase	-	-
Effect of financial loss subject to deduction in current period	-	(260)
Expenses not subject to tax	(4.898)	(6.305)
Income not subject to tax	6.755	377
Carry forward losses for which no deferred tax asset was recognized	(14.561)	(11.029)
Impairment of goodwill	-	(707)
Reversal of previous year losses from which deferred tax was calculated previously	-	(3.730)
Reversal of previous year financial losses from which deferred tax was not calculated previously	57	1.610
Adjustment effects	(11.871)	473
Other	3.024	1.933
Tax expense	(3.195)	(15.599)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 32 - EARNING/ (LOSS) PER SHARE

Earning/ (loss) per share for each class of shares is described below:

	2014	2013
Net loss for the period	(61.246)	(15.367)
Weighted average number of shares with face value of TL 1 each	2.450.000	2.450.000
Earning/ (loss) per share (TL)	(0,025)	(0,006)
	2014	2013
Net profit/ (loss) for the period from discontinuing operations	-	(751)
Net profit/ (loss) for the period from continuing operations	(61.246)	(15.008)
Weighted average number of shares with face value of TL 1 each	2.450.000	2.450.000
Earning/ (loss) per share from continuing operations (TL)	(0,025)	(0,006)
Earning/ (loss) per share from discontinuing operations (TL)	-	(0,0001)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 33 - RELATED PARTY DISCLOSURES

For the purpose of 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 member (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. As of 31 March 2014 and 31 December 2013, related party balances and transactions are described below:

i) Balances of related parties:

Short term receivables due from related parties:

	31 March 2014	31 December 2013
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") ⁽¹⁾	12.177	3.332
Delüks Elektronik Hizmetler ve Tic. A.Ş. ⁽²⁾	3.526	3.334
Doğan Elektronik Turizm Satış Pazarlama Hiz.ve Yay A.Ş. ⁽³⁾	1.059	1.037
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") ⁽¹⁾	884	862
Katalog Yayın ve Tanıtım Hizmetleri A.Ş. ⁽⁴⁾	800	805
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	774	711
Altıncı Cadde Elektronik Ticaret A.Ş. ⁽³⁾	731	931
D Elektronik Şans Oyunları Yayıncılık A.Ş. ⁽³⁾	665	1.070
Gas Plus Erbil	360	291
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	105	212
Other	2.242	1.391
Total	23.323	13.976

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

(2) Receivables related to vehicle rent service of the Group.

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

(4) Receivables related to print service of the Group.

	31 March 2014	31 December 2013
<u>Current non-trade receivables due from related parties:</u>		
Gümüştaş Madencilik ve Ticaret A.Ş. ⁽²⁾	4.566	4.395
Boyabat Elektrik ⁽¹⁾	-	1.390
Total	4.566	5.785

(1) Debt is given for project finance.

(2) The balance consists of loan used by Gümüştaş Madencilik ve Ticaret A.Ş. from the Group.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

<u>Current trade payables - due to related parties:</u>	31 March 2014	31 December 2013
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ⁽¹⁾	35.205	33.785
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽²⁾	4.167	3.695
Boyabat Elektrik Üretim ve Ticaret A.Ş. ⁽³⁾	4.292	-
D market	-	45
Other	2.113	1.002
Total	45.777	38.527

(1) Payables consist of commercial advertisement purchase and services of printing magazines, books and inserts.

(2) Payables arise from purchase of commercial advertisements and commercial goods.

(3) Payables related to electricity purchase of the Group.

ii) Transactions with related parties:

Service/ product purchases:

	31 March 2014	31 March 2013
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ⁽¹⁾	7.990	8.762
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽¹⁾	6.266	4.111
Ortadoğu Otomotiv Tic. A.Ş. ⁽²⁾	3.622	3.268
Dergi Pazarlama ve Planlama ve Tic. A.Ş. ⁽²⁾	1.188	1.395
Adilbey Holding A.Ş.	1.003	159
Other	2.131	3.464
Total	22.200	21.159

(1) Service purchases of the Group consist of the magazine distribution service purchases.

(2) The balance consists of rent payables of Trump Towers.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

Service/ product sales:

	31 March 2014	31 March 2013
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ⁽¹⁾	5.307	5.437
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽²⁾	1.942	2.569
Ortadoğu Otomotiv Tic. A.Ş.	1.962	-
D market Elektronik Hizmetler ve Tic. A.Ş.	1.419	837
Delüks Elektronik Hiz. Tic. A.Ş. ⁽³⁾	20	1.701
Gümüştaş Madencilik	112	-
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ⁽⁴⁾	-	5.487
Ortadoğu Gayrimenkul	-	1.697
Dergi Pazarlama Planlama ve Ticaret A.Ş.	-	359
Other	1.167	1.917
Total	11.929	20.004

⁽¹⁾ Besides the Group's Doğan Burda commercial advertisement sale; the balance consists the services of printing magazines, books and inserts.

⁽²⁾ The balance consists of advertisement and trade good sales of the Group.

⁽³⁾ The balance consists of vehicle rent service.

⁽⁴⁾ In the current period, the Group has acquired Doğan İnternet Yayıncılığı ve Yatırım A.Ş., and current period balances are eliminated in the preparation of consolidated financials.

Financial Income:

	31 March 2014	31 March 2013
Delüks Elektronik Hiz. Ve Tic. A.Ş.	15	18
Boyabat Elektrik Üretim ve Ticaret A.Ş.	-	2.387
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.	-	208
D Elektronik Şans Oyunları ve Yay. A.Ş.	-	4
Other	2	14
Total	17	2.631

The balances are related with accruals of interests from loans given to related parties by the Group.

Financial Expense:

	31 March 2014	31 March 2013
Other	-	8
Total	-	8

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (Continued):

Purchases of property, plant and equipment and intangible assets:	2014	2013
D-Market Elektronik Hizmetler ve Ticaret A.Ş.	10	9
Doğan Portal ve Elektronik Tic. A.Ş	37	-
Other	-	4
Total	47	13

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 directors key management personnel. The compensation of board members and key management personnel includes salaries, bonus, health insurance, communication and transportation and total amount of compensation is explained below:

	1 January - 31 March 2014	1 January - 31 March 2013
Salaries and other short term benefits	2.988	2.995
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	2.988	2.995

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial risk management

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

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

a) Market Risk

a.1) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities at 31 March 2014 and 31 December 2013 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 March 2014	31 December 2013
Assets	2.537.182	2.480.267
Liabilities	(2.207.336)	(2.004.626)
Off-balance sheet net derivative liabilities	(970)	(2.572)
Net foreign currency position	328.876	473.069

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a.1) Foreign currency risk (Continued):

Sensitivity analysis for currency risk as of 31 March 2014 and 31 December 2013 and foreign currency denominated asset and liability balances are summarized below:

31 March 2014

	TL Equivalent	USD	EUR	Other
1. Trade receivables	182.179	80.792	79.405	21.982
2a. Monetary Financial Assets (Cash,Banks included)	2.139.852	1.395.387	709.313	35.152
3. Other	150.514	77	150.420	17
4. Current Assets (1+2+3)	2.472.545	1.476.256	939.138	57.151
5. Trade receivables	31.351	14.541	16.810	-
6a. Monetary Financial Assets	33.286	10.395	107	22.784
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	64.637	24.936	16.917	22.784
9. Total Assets (4+8)	2.537.182	1.501.192	956.055	79.935
10. Trade Payables	130.260	55.284	47.245	27.731
11. Financial Liabilities	990.872	747.504	243.363	-
12a. Other Monetary Financial Liabilities	73.309	3.065	32.398	37.846
12b. Other Non-Monetary Financial Liabilities	421	31	379	11
13. Current Liabilities (10+11+12)	1.194.862	805.884	323.390	65.588
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.003.630	594.537	409.093	-
16a. Other Monetary Financial Liabilities	8.844	359	8.484	1
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.012.474	594.896	417.577	1
18. Total Liabilities (13+17)	2.207.336	1.400.780	740.967	65.589
19. Net asset/liability position of Off balance sheet derivatives (19a-19b)	(970)	59.125	(60.095)	-
19a. Off balance sheet foreign Currency derivative assets	59.125	59.125	-	-
19b. Off balance sheet foreign Currency derivative liabilities	60.095	-	60.095	-
20. Net Foreign currency asset/(liability) position (9-18+19)	328.876	159.537	154.993	14.346
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	179.753	100.366	65.047	14.340

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

a.1) Foreign currency risk (Continued):

31 December 2013

	TL Equivalent	USD	EUR	Other
1. Trade receivables	153.655	74.960	54.638	24.057
2a. Monetary Financial Assets (Cash, Banks included)	1.812.830	979.404	800.439	32.987
3. Other	190.512	149.401	41.111	-
4. Current Assets (1+2+3)	2.156.997	1.203.765	896.188	57.044
5. Trade receivables	15.812	13.585	2.227	-
6a. Monetary Financial Assets	73.888	47.006	7.374	19.508
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	233.570	86.439	147.131	-
8. Non-Current Assets (5+6+7)	323.270	147.030	156.732	19.508
9. Total Assets (4+8)	2.480.267	1.350.795	1.052.920	76.552
10. Trade Payables	126.988	81.174	26.669	19.145
11. Financial Liabilities	886.833	727.702	159.131	-
12a. Other Monetary Financial Liabilities	43.849	1.212	9.071	33.566
12b. Other Non-Monetary Financial Liabilities	30.478	116	28.291	2.071
13. Current Liabilities (10+11+12)	1.088.148	810.204	223.162	54.782
14. Trade Payables	-	-	-	-
15. Financial Liabilities	909.311	737.960	171.351	-
16a. Other Monetary Financial Liabilities	7.167	-	7.166	1
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	916.478	737.960	178.517	1
18. Total Liabilities (13+17)	2.004.626	1.548.164	401.679	54.783
19. Net asset/liability position of Off balance sheet derivatives (19a-19b)	(2.572)	10.672	(13.244)	-
19a. Off balance sheet foreign Currency derivative assets	77.128	46.955	30.173	-
19b. Off balance sheet foreign Currency derivative liabilities	79.700	36.283	43.417	-
20. Net foreign currency asset liability position (9-18+19)	473.069	(186.697)	637.997	21.769
21. Net foreign currency asset/liability position of monetary items				
(1+2a+5+6a-10-11-12a-14-15-16a)	82.037	(433.093)	491.290	23.840

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

a.1) Foreign currency risk (Continued)

As of 31 March 2014 and 31 December 2013, foreign currency denominated asset and liability balances were converted with the following exchange rates: TL 2,1898 = USD 1 and TL 3,0072= EUR 1 (2013: TL 2,1343 = USD 1 and TL 2,9365 = EUR 1).

31 March 2014

	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciate
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	15.954	(15.954)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	15.954	(15.954)
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	15.499	(15.499)
5- Hedging amount of USD (-)	-	-
6- USD net effect on (loss)/income (4+5)	15.499	(15.499)
If the Other Currencies had changed by 10% against the TL		
7- Other net (liabilities)/assets	1.435	(1.435)
8- Hedging amount of Other (-)	-	-
9- Other net effect on (loss)/income (7+8)	1.435	(1.435)
TOTAL (3+6+9)	32.888	(32.888)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

a.1) Foreign currency risk (Continued):

31 December 2013

	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciate
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	(18.670)	18.670
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	(18.670)	18.670
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	63.800	(63.800)
5- Hedging amount of USD (-)	-	-
6- USD net effect on (loss)/income (4+5)	63.800	(63.800)
If the Other Currencies had changed by 10% against the TL		
7- Other net (liabilities)/assets	2.177	(2.177)
8- Hedging amount of Other (-)	-	-
9- Other net effect on (loss)/income (7+8)	2.177	(2.177)
TOTAL (3+6+9)	47.307	(47.307)

a.2) Interest rate risk

- Media

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 March 2014 and 31 December 2013, 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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

a.2) Interest rate risk (Continued)

At 31 March 2014, 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 6.354 (31 March 2013: TL 2.459) higher, mainly as a result of high interest expense on floating rate borrowings.

At 31 March 2014, 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 1.026 (31 March 2013: TL 232) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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

	31 March 2014	31 December 2013
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.896.856	1.772.662
- Financial investments (Note 7)	113.560	139.508
Financial liabilities (Note 8)	1.235.918	991.215
Financial instruments with floating rate		
Financial liabilities (Note 8)	957.949	1.107.172

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.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

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

	31 March 2014			31 December 2013		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	0,35-4,50	0,20-4,72	4,80-13,15	0,35-6,00	0,20 -6,75	5,98-10,16
Financial investments	5,84	5,64	9,25	6,46	5,64	9,58
Liabilities						
Financial Liabilities	3,00-6,45	0,97-5,71	0-14,00	3,00-6,45	3,25-5,71	0-10,20

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

31 March 2014	Up to 3 Months	3 months- 1 year	1-5 years	More than 5 years	Free of Interest	Total
Assets						
Cash and cash equivalents (Note 6)	1.896.856	-	-	-	550.708	2.447.564
Financial investments (Note 7)	-	-	111.403	-	3.018	114.421
Total	1.896.856	-	111.403	-	553.726	2.561.985
Short and long term						
financial Liabilities (Note 8) ⁽¹⁾	-	1.084.681	1.109.186	-	-	2.193.867
Other financial liabilities (Note 8)	-	215.885	-	-	-	215.885
Total	-	1.300.566	1.109.186	-	-	2.409.752
31 December 2013	Up to 3 Months	3 months- 1 year	1-5 years	More than 5 years	Free of Interest	Total
Assets						
Cash and cash equivalents (Note 6)	1.772.662	-	-	-	443.699	2.216.361
Financial investments (Note 7)	-	-	136.465	-	3.043	139.508
Total	1.772.662	-	136.465	-	446.742	2.355.869
Short and long term						
financial Liabilities (Note 8) ⁽¹⁾	-	1.038.948	1.059.439	-	-	2.098.387
Other financial liabilities (Note 8)	-	199.365	183.182	-	-	382.547
Total	-	1.238.313	1.242.621	-	-	2.480.934

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

The Group's credit risk of financial instruments as of 31 March 2014 is as follows:

	Trade receivables		Other receivables		Cash and Cash equivalents
	Related Party	Other	Related Party	Other	
Maximum net credit risk as of balance sheet date	23.323	834.307	4.566	119.461	2.082.295
- The part of maximum risk under guarantee with collatarel	-	81.715	-	78	-
A. Net book value of neither past due nor impaired financial assets	23.323	571.137	4.566	119.475	2.082.295
- Guaranteed amount by collateral	-	51.704	-	-	-
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)	-	263.170	-	-	-
- Guaranteed amount by collateral (Note 9)	-	30.011	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, Note 19)	-	240.395	-	1.484	-
- Impairment (-) (Note 9, Note 19)	-	(240.395)	-	(1.484)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

The Group's credit risk of financial instruments as of 31 December 2013 is as follows:

	Trade receivables		Other receivables		Cash and Cash equivalents
	Related Party	Other	Related Party	Other	
Maximum net credit risk as of balance sheet date	13.976	791.066	5.785	132.411	1.994.586
- The part of maximum risk under guarantee with collatarel	-	47.596	-	78	-
A. Net book value of neither past due nor impaired financial assets	13.976	609.364	5.785	132.411	1.994.586
- Guaranteed amount by collateral	-	14.857	-	78	-
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)	-	181.702	-	-	-
- Guaranteed amount by collateral (Note 9)	-	32.739	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, Note 19)	-	232.160	-	1.545	-
- Impairment (-) (Note 9, Note 19)	-	(232.160)	-	(1.545)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

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 March 2014		31 December 2013	
	Related Party	Other Receivables	Related Party	Other Receivables
1-30 days overdue	-	145.308	-	66.637
1-3 months overdue	-	67.000	-	64.463
3-12 months overdue	-	35.060	-	37.296
1-5 years overdue	-	15.802	-	13.306
Total	-	263.170	-	181.702
Guaranteed amount by collateral				
Media	-	25.430	-	28.383
Retail	-	-	-	-
Energy	-	-	-	-
Other	-	4.581	-	4.356
Total	-	30.011	-	32.739

d) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

As of 31 March 2013 and 31 December 2013, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

d) Liquidity risk (Continued)

31 March 2014	Book Value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Short and long term						
financial borrowings (Note 8)	2.193.867	2.390.485	787.802	563.759	996.617	42.307
Trade payables (Note 9)	562.623	566.011	438.087	126.639	1.285	-
Other financial liabilities (Note 8)	215.885	644.187	405.979	16.575	221.633	-
Other payables (Note 10)	60.660	60.660	37.251	9.587	13.820	2
Trade payables to related parties (Note 33)	45.777	48.298	-	48.298	-	-
Short-term provisions regarding employee benefits (Note 22)	45.296	45.296	-	45.296	-	-
Payables regarding employee benefits (Note 22)	33.705	33.705	-	33.705	-	-
Deferred income (Note 20)	55.629	55.629	52.494	-	3.135	-
Other short term provisions (Note 17)	38.024	38.031	-	38.031	-	-
	3.251.466	3.882.302	1.721.613	881.890	1.236.490	42.309
Derivative financial liabilities						
Derivative cash inflow (Note 21)	-	-	-	-	-	-
Derivative cash outflow (Note 21)	(2.896)	-	(2.896)	-	-	-
Derivative cash inflow/outflow, net	(2.896)	-	(2.896)	-	-	-
31 December 2013						
	Book Value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Short and long term						
financial borrowings (Note 8)	2.098.387	2.323.923	530.908	562.567	1.064.522	165.926
Trade payables (Note 9)	498.152	503.841	358.455	144.101	1.285	-
Other financial liabilities (Note 8)	382.547	436.758	202.042	19.950	214.766	-
Other payables (Note 10)	68.222	69.184	39.015	15.011	14.196	962
Trade payables to related parties (Note 33)	38.527	38.527	38.476	51	-	-
Short-term provisions regarding employee benefits (Note 22)	41.373	41.373	-	41.373	-	-
Payables regarding employee benefits (Note 22)	26.399	26.399	-	26.399	-	-
Deferred income (Note 20)	70.010	70.010	66.447	-	3.563	-
Other short term provisions (Note 17)	31.581	31.581	-	3.059	28.522	-
	3.255.198	3.541.596	1.235.343	812.511	1.326.854	166.888
Derivative financial liabilities						
Derivative cash inflow (Note 21)	839	-	839	-	-	-
Derivative cash outflow (Note 21)	(2.440)	-	(2.440)	-	-	-
Derivative cash inflow/outflow, net	(1.601)	-	(1.601)	-	-	-

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

e) 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 carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values..

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 amortised cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the consolidated balance sheet.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

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

f) Capital risk management (Continued)

The net liability/total equity ratio at 31 March 2014 and 31 December 2013 is summarized below:

	31 March 2013	31 December 2013
Total liability ⁽¹⁾	3.364.005	3.368.290
Less: Cash and cash equivalents (Note 6)	(2.447.564)	(2.216.361)
Net liability	916.441	1.151.929
Equity	3.176.831	3.250.187
Total equity	4.093.272	4.402.116
Net liability/Total equity ratio	22%	26%

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

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

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

		<u>Fair value at reporting date</u>		
	31 March 2014	1. Level TL	2. Level TL	3. Level TL
Financial assets				
Financial assets at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments (Note 21)	-	-	-	-
Available-for-sale financial assets	795.025	795.025	-	-
Bonds and bills (Note 7)	111.403	111.403	-	-
Total	906.428	906.428	-	-

Financial liabilities

Financial liabilities at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments (Note 21)	2.896	-	2.896	-
Other financial liabilities (Note 8)	16.575	-	-	16.575
Total	19.471	-	2.896	16.575

		<u>Fair value at reporting date</u>		
	31 December 2013	1. Level TL	2. Level TL	3. Level TL
Financial assets				
Financial assets at FVTPL				
Trading securities	-	-	-	-
Trading derivatives	-	-	-	-
Derivative Instruments (Note 21)	839	-	839	-
Available-for-sale financial assets	802.725	802.725	-	-
Bonds and bills (Note 7)	136.465	136.465	-	-
Total	940.029	939.190	839	-

Financial liabilities

Financial liabilities at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments (Note 21)	2.440	-	2.440	-
Other financial liabilities (Note 8)	16.155			16.155
Total	18.595	-	2.440	16.155

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 36 - SUBSEQUENT EVENTS

The merger of our subsidiary Doğan Yayın Holding A.Ş. through being "Taken Over" by our Company

- It has been decided that our subsidiary Doğan Yayın Holding A.Ş. is merged under the umbrella of our Company through all its assets and liabilities being "taken over" as a whole by our Company.

As the decision taken by Board of Directors on 14 April 2014,

1. Provided that it is subject to the approval of our General Assembly; all assets and liabilities of Doğan Yayın Holding A.Ş. are to be "taken over" by our Company as a whole, and to be merged under the umbrella of our Company as both Companies that constitute the subject of this Board of Directors Resolution are Companies that are subject to the Capital Market Law no. 6362, pursuant to Article 134 and the relevant subsequent articles of the Turkish Code of Commerce No. 6102 (TCC), and Articles 19 and 20 of the Corporate Tax Law No. 5520; as their shares are public, and are being traded at the Borsa İstanbul A.Ş. (the Stock Exchange), as per Articles 23 and 24, and the other relevant provisions of the Capital Market Law; the "Communiqué Regarding Mergers and Divisions" of the Capital Market Board, which became effective upon being published in the Official Gazette of 28.12.2013, no. 28865 (II-23.2), and the "Communiqué Regarding the Joint Principles and Exit Rights With Regards to Important Transactions", of the Capital Market Board, which became effective upon being published in the Official Gazette of 24.12.2013, no. 28861 (II-23.1) and the other relevant provisions of the legislation;

2. As per the provisions of the relevant legislation, due to the fact that both our Company as the party "taking over", and Doğan Yayın Holding A.Ş. as the party being "transferred" are Companies subject to the Capital Market Law, and as their shares are public, and are being traded, at the Borsa İstanbul A.Ş. (the Stock Exchange), in the merger transactions of Doğan Yayın Holding A.Ş. through the "take over" of all its assets and liabilities as a whole by our Company, and in the course of the calculations with regards to such merger transactions, the financial statements and the footnotes are to be taken as the basis, which financial statements and footnotes have been prepared as per the Turkish Accounting Standards and the Turkish Financial Reporting Standards prepared by the Public Supervision, Accounting and Audit Standards Authority within the scope of the "Communiqué on the Principles of Financial Reporting" of the CMB (II-14.1); the presentation principles of which have been determined with the Resolution of the CMB of 07.06.2013, no. 20/670, and announced in the Weekly Bulletin of the CMB of 07.06.2013, no. 2013/19; and which are included in the annual consolidated financial report for the accounting term 01.01.2013-31.12.2013, which has been independently audited, and compared with the previous term;

3. As per the provisions of the relevant legislation, in the merger transactions of Doğan Yayın Holding A.Ş. through the "take over" of all its assets and liabilities as a whole by our Company; for determining the "merger rate", the "change rate", and the amount of the capital increase to be made in line with these, and because of the merger transaction, and consequently, the number of shares of our Company, which will be issued, as a result of such capital increase, to be allocated to the shareholders of Doğan Yayın Holding A.Ş., in compliance with the provisions of the relevant legislation, with a fair and reasonable approach, and in such a way as to not lead to any hesitations, the "Specialist Entity Report" to be prepared as per the provisions of Article 7, "The Opinion of the Specialist Entity" of the "Communiqué Regarding Mergers and Divisions" (II-23-2) of the CMB is to be taken as the basis for such calculations as both Companies are subject to the Capital Market Law, and as their shares are public, and are being traded, at the Stock Exchange ; and the abovementioned Specialist Entity Report" is to be taken as the basis for the "Merger Contract", the "Announcement Text", and the other reports, which will be prepared within the scope of such merger transaction,

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 36 - SUBSEQUENT EVENTS (Continued)

The merger of our subsidiary Dogan Yayın Holding A.Ş. through being "Taken Over" by our Company (Continued)

4. As per the provisions of the relevant legislation, in the merger transactions of Doğan Yayın Holding A.Ş. through the "take over" of all its assets and liabilities as a whole by our Company, as our Company is subject to the Capital Market Law, and as its shares are public, and are being traded, at the Stock Exchange; pursuant to the provisions of Article 24 of the Capital Market Board, "Exit Rights", and Article 9, "The Exercise of Exit Rights", of CMB's "The communiqué regarding the joint principles and exit rights with regard to important transactions" (II-23.1), the fact that the shareholders or their representatives who will attend the general assembly meeting whereby such merger transaction will be approved, and cast negative votes, and will have the opposition clause entered in the minutes of meeting are entitled to leave the partnership by selling their shares to our Company is to be notified in the Public Disclosure Platform (PDP) as of the date of this Board of Directors Resolution, in line with the public disclosure obligations stipulated by the Capital Market Legislation,

5. As for the exercise of the "exit right" mentioned above in Article 4 above, pursuant to the provisions of Article 24 of the Capital Market Law, "Exit Rights", and Article 10, the "Price for Exercising the Exit Rights", of CMB's "The communiqué regarding the joint principles and exit rights with regard to important transactions" (II-23.1), taking into account that the above mentioned merger transaction will be disclosed to the public as of the date of the Board of Directors Resolution hereby for the first time, the "exit right exercise price" of our Company for each share with a nominal value of 1 Turkish Lira, is to be determined as 0.67 TL calculated as the "arithmetic mean of the weighted average prices" that occurred in the Stock Exchange during the thirty days prior to the date of this Resolution hereby, excluding the date of this Board of Directors Resolution hereby,

6. With regards to the exercise of the exit right;

a. As per the provisions of paragraph 5 of Article 9, "The Exercise of Exit Rights", of CMB's "The communiqué regarding the joint principles and exit rights with regard to important transactions" (II-23.1); an "upper limit" is to be introduced by our Board of Directors with regards to "total cost" that our Company may have to bear as a result of the ratio of the amount of "shares" (voting rights) wishing to exercise the "exit rights", to our "issued capital" and/or as a result of the exercise of the exit rights;

b. Along with such restrictions, the other conditions with regards to such merger, if any, are to be included in the agenda of the general assembly meeting where the merger transaction shall be submitted for approval, and are to be submitted for the approval of the shareholders;

c. The fact that the abovementioned merger transaction may not be carried out in case the limits set forth above in 6/a are exceeded and/or in case the other conditions set forth above in 6/b with regards to the merger transaction, if any, do not take place, is to be included in the agenda of the general assembly as a separate agenda item, to immediately follow the general assembly meeting agenda item where the abovementioned merger transaction shall be submitted for approval, and is to be submitted for the approval of the shareholders,

d. A public disclosure shall be made at the KAP about the restrictions referred to in this article and/or about other conditions, prior to the announcement of the agenda for the general assembly meeting where the merger transaction will be discussed, and in any case immediately upon the Board of Directors Resolution on this matter is made, in compliance with the public disclosure obligations of the Capital Market Legislation, and the shareholders shall be informed about such restrictions,

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2014**

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

NOTE 36 - SUBSEQUENT EVENTS (Continued)

The merger of our subsidiary Dogan Yayın Holding A.Ş. through being "Taken Over" by our Company (Continued)

7. In compliance with the provisions of the "Communiqué Regarding Mergers and Divisions" of the CMB (II-23.2) , application is to be made to the CMB together with the necessary information and documents listed in the annex of the abovementioned Communiqué (Annex 1), and to other official bodies, if necessary,

8. The Company management is to be authorized and appointed for carrying out the necessary procedures and transactions, obtaining the necessary permits, and the election and assignment of the body that will prepare the Specialist Entity Report.

Transferring Doğan Ofset Share Certificates and/or Seeking for a Strategic Partnership

-The management has started its studies to transfer/sell the entire shares of Doğan Ofset, in which our subsidiary Hürriyet has 99,93% share of its equity, to non-related party/parties and/or to seek for a strategic partnership for the subsidiary.

Approval of Financial Statements

- Consolidated financial statements prepared for the period ended as of 31 March 2014 are approved by the Management as at 12 May 2014. The financial statements cannot be changed or modified by others other than the Management.

NOTE 37 - DISCLOSURE OF OTHER MATTERS AFFECTING CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY TO BE DISCLOSED

None.