DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONVENIENCE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017 INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS **PAGE**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

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

ASSETS	*Notes*	*USD (*) Unaudited Current Period 1 January- 31 March 2017*	*Unaudited Current Period 1 January- 31 March 2017*	*Audited Prior Period 1 January- 31 December 2016*
Current assets		**1.073.201**	**3.904.948**	**3.905.503**
Cash and cash equivalents	6	420.567	1.530.276	1.512.163
Financial investments	7	46.146	167.906	288.752
Trade receivables				
- Due from related parties	33	3.625	13.189	8.523
- Due from non-related parties	9	390.543	1.421.030	1.485.674
Other receivables				
- Due from related parties	33	2.005	7.296	10.726
- Due from non-related parties	10	6.705	24.398	17.046
Inventories	11	139.013	505.811	441.350
Prepaid expenses	20	45.995	167.356	81.583
Derivative instruments	21	-	-	551
Biological assets	12	95	346	215
Other current assets	19	18.507	67.340	58.920
Non-current assets		**1.098.966**	**3.998.696**	**3.926.393**
Trade receivables	9	7.791	28.347	25.258
Other receivables				
- Due from non-related parties	10	7.224	26.284	29.082
Financial investments	7	21.737	79.093	76.716
Investments accounted by the equity method	4	92.686	337.248	323.471
Investment properties	13	160.060	582.396	569.870
Property, plant and equipment	14	327.090	1.190.150	1.167.901
Intangible assets				
- Other intangible assets	15	317.553	1.155.448	1.116.872
- Goodwill	15	110.953	403.713	403.713
Prepaid expenses	20	9.655	35.130	51.623
Deferred tax asset	31	11.346	41.284	42.303
Other non-current assets	19	32.871	119.603	119.584
Total assets		**2.172.166**	**7.903.644**	**7.831.896**

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

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

LIABILITIES	*Notes*	*USD (*) Unaudited Current Period 1 January- 31 March 2017*	*Unaudited Current Period 1 January- 31 March 2017*	*Audited Prior Period 1 January- 31 December 2016*
Current liabilities		**801.882**	**2.917.728**	**2.788.691**
Short-term borrowings	8	321.474	1.169.715	1.088.428
Short-term portion of long-term borrowings	8	87.832	319.587	305.409
Trade payables				
- Due to related parties	33	8.219	29.907	25.403
- Due to non-related parties	9	270.161	983.006	939.110
Payables related to employee benefits	22	10.592	38.540	36.796
Deferred income	20	16.406	59.695	56.243
Derivative instruments	21	998	3.632	-
Other payables	10	61.070	222.208	232.115
Current income tax liability	31	1.365	4.967	13.426
Short-term provisions				
- Short-term provisions for employment benefits	22	12.944	47.098	51.263
- Other short-term provisions	17	10.821	39.373	40.498
Non-current liabilities		**555.208**	**2.020.180**	**2.026.041**
Long-term borrowings	8	232.250	845.065	895.383
Investments accounted for by the equity method	4	64.390	234.289	227.293
Other financial liabilities	8	152.387	554.475	519.829
Other payables	10	33.011	120.114	119.449
Deferred income	20	1.274	4.635	7.457
Long-term provisions				
- Long-term provisions for employment benefits	22	32.992	120.044	119.120
Deferred tax liability	31	38.905	141.558	137.510
EQUITY		**815.076**	**2.965.736**	**3.017.164**
Equity attributable to equity holders of the parent company		**696.627**	**2.534.746**	**2.578.346**
Share capital	23	719.216	2.616.938	2.616.938
Adjustments to share capital	23	39.445	143.526	143.526
Repurchased shares (-)	23	(572)	(2.080)	(2.080)
Share premiums (discounts)	23	9.663	35.159	35.159
Other comprehensive income (expenses) that will not be reclassified in profit or loss				
- Gain (loss) on revaluation of property, plant and equipment	23	13.194	48.007	48.007
- Actuarial gains (losses) on defined benefit plans	23	(10.391)	(37.810)	(37.810)
Other comprehensive income (expenses) that will be reclassified in profit or loss				
- Change in currency translation reserves		71.070	258.596	221.961
- Gain (loss) on revaluation and reclassification	23	4.288	15.602	15.602
Restricted reserves	23	85.865	312.427	314.979
Retained earnings or accumulated losses		(213.054)	(775.219)	(558.713)
Net profit or loss for the period		(22.096)	(80.400)	(219.223)
Non-controlling interests		**118.449**	**430.990**	**438.818**
Total liabilities		**2.172.166**	**7.903.644**	**7.831.896**
Commitments	18			

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2017 AND 2016

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

	Notes	*USD (*) Unaudited Current Period 1 January- 31 March 2017*	*Unaudited Current Period 1 January- 31 March 2017*	*Unaudited Prior Period 1 January- 31 March 2016*
Profit or Loss				
Revenue	24	553.695	2.014.674	1.588.181
Cost of Sales (-)	24	(475.907)	(1.731.637)	(1.287.799)
Gross Profit (Loss)	**24**	**77.787**	**283.037**	**300.382**
General Administrative Expenses (-)	25	(25.742)	(93.664)	(78.549)
Marketing Expenses (-)	25	(48.374)	(176.013)	(172.871)
Other Income From Operating Activities	27	44.375	161.463	88.447
Other Expenses From Operating Activities (-)	27	(29.048)	(105.694)	(95.057)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	(976)	(3.550)	(2.017)
Operating Profit (Loss)		**18.023**	**65.579**	**40.335**
Income from Investment Activities	28	3.474	12.639	6.124
Expenses from Investment Activities (-)	28	(10.009)	(36.418)	(14.750)
Operating Profit (Loss) Before Finance (Expense)/Income		**11.488**	**41.800**	**31.709**
Finance Income	29	486	1.769	8.475
Finance Expenses (-)	29	(35.262)	(128.306)	(70.280)
Profit (Loss) Before Taxation From Continued Operations		**(23.288)**	**(84.737)**	**(30.096)**
Tax (Expense) Income From Continued Operations	31	**(2.128)**	**(7.744)**	**(7.962)**
Tax (Income) Expense for the Period		(2.158)	(7.851)	(3.010)
Deferred Tax Income/ (Expense)		29	107	(4.952)
Profit (Loss) For The Period		**(25.417)**	**(92.481)**	**(38.058)**
Allocation of Profit (Loss)for the period				
Attributable to Non-Controlling Interests		(3.320)	(12.081)	(7.727)
Attributable to Equity Holders of the Parent		(22.096)	(80.400)	(30.331)
Loss Per Share Attributable to Equity Holders of the Parent Company	32	(0,0085)	(0,031)	(0,012)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2017 AND 2016

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

	Notes	*USD (*) Unaudited Current Period 1 January-31 March 2017*	*Unaudited Current Period 1 January-31 March 2017*	*Unaudited Prior Period 1 January-31 March 2016*
Profit (Loss) For The Period		**(25.417)**	**(92.481)**	**(38.058)**
OTHER COMPREHENSIVE INCOME				
Will Not Be Reclassified as Profit or Loss				
Gain (loss) on revaluation of property, plant and equipment		-	-	-
Actuarial gains (losses) on defined benefit plans		-	-	-
Taxes related to other accumulated comprehensive income that will not be reclassified to profit or loss				
Tax effect on gains (losses) on revaluation of property, plant and equipment		-	-	-
Tax effect on actuarial gains (losses) on defined benefit plans		-	-	-
Accumulated other comprehensive income and losses that will be reclassified as profit or loss				
Currency translation differences		11.337	41.249	20.406
Gain (losses) on revaluation and/or reclassification of financial assets available for sale		-	-	1.136
Cash flow hedges gains/losses		-	-	(1.772)
OTHER COMPREHENSIVE INCOME /(EXPENSE)		**11.337**	**41.249**	**19.770**
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**(14.080)**	**(51.232)**	**(18.288)**
Allocation of Total Comprehensive Expense				
Attributable to Non-Controlling Interests		(2.052)	(7.467)	5.627
Attributable to Equity Holders of the Parent Company		(12.028)	(43.765)	(23.915)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017 AND 2016

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

					Accumulated other comprehensive income or loss that will not be reclassified to profit or loss			Accumulated other comprehensive income or loss that will be reclassified to profit or loss			Retained earnings				
	Note	**Share capital**	**Adjustments to share capital**	**Repurchased shares**	**Gains/losses on revaluation property of plant and equipment**	**Actuarial gains(losses) on defined benefit plans**	**Share premiums (discounts)**	**Gain/(loss) on revaluation and/or reclassification of financial assets available for sale**	**Currency translation differences**	**Restricted reserves**	**Retained earnings/ accumulated losses**	**Net profit/ loss for the period**	**Equity attributable to equity holders of the parent company**	**Non-controlling interests**	**Equity**
Balances at 1 January 2017	**23**	**2.616.938**	**143.526**	**(2.080)**	**48.007**	**(37.810)**	**35.159**	**15.602**	**221.961**	**314.979**	**(558.713)**	**(219.223)**	**2.578.346**	**438.818**	**3.017.164**
Transfers		-	-	-	-	-	-	-	-	(2.552)	(216.671)	219.223	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	(246)	(246)
- *Dividend payment of subsidiaries to non-group companies*		-	-	-	-	-	-	-	-	-	-	-	-	(246)	(246)
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	-	50	50
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	165	-	165	(165)	-
Total comprehensive income/(expense)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36.635**	**-**	**-**	**(80.400)**	**(43.765)**	**(7.467)**	**(51.232)**
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	*(80.400)*	*(80.400)*	*(12.081)*	*(92.481)*
Other comprehensive income (expense)		-	-	-	-	-	-	-	*36.635*	-	-	-	*36.635*	*4.614*	*41.249*
Balances at 31 March 2017	**23**	**2.616.938**	**143.526**	**(2.080)**	**48.007**	**(37.810)**	**35.159**	**15.602**	**258.596**	**312.427**	**(775.219)**	**(80.400)**	**2.534.746**	**430.990**	**2.965.736**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017 AND 2016

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

				Accumulated other comprehensive income or loss that will not be reclassified as profit or loss			Accumulated other comprehensive income or loss that will be reclassified as profit or loss				Retained earnings / accumulated losses				
	Note	**Share capital**	**Adjustments to share capital**	**Gains/losses on revaluation property of plant and equipment**	**Actuarial gains/losses on defined benefit plans**	**Share premiums /discounts**	**Gain/(loss) on revaluation and/or reclassification of financial assets available for sale**	**Gains/ (losses) on hedging instruments**	**Currency translation differences**	**Restricted reserves**	**Retained earnings/ accumulated losses**	**Net profit/ loss for the period**	**Equity attributable to equity holders of the parent company**	**Non-controlling interests**	**Equity**
Balances at 1 January 2016	**23**	**2.616.938**	**143.526**	**11.662**	**(31.032)**	**35.159**	**514**	**-**	**87.357**	**1.267.933**	**(1.319.115)**	**(160.820)**	**2.652.122**	**390.089**	**3.042.211**
Transfers [(1)]		-	-	-	-	-	-	-	-	(967.935)	807.115	160.820	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	(2.695)	(2.695)
Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	*(2.695)*	*(2.695)*
Total comprehensive income/(expense)		**-**	**-**	**-**	**-**	**-**	**1.136**	**(1.376)**	**6.656**	**-**	**-**	**(30.331)**	**(23.915)**	**5.627**	**(18.288)**
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	*(30.331)*	*(30.331)*	*(7.727)*	*(38.058)*
Other comprehensive income (expense)		-	-	-	-	-	*1.136*	*(1.376)*	*6.656*	-	-	-	*6.416*	*13.354*	*19.770*
Balances at 31 March 2016	**23**	**2.616.938**	**143.526**	**11.662**	**(31.032)**	**35.159**	**1.650**	**(1.376)**	**94.013**	**299.998**	**(512.000)**	**(30.331)**	**2.628.207**	**393.021**	**3.021.228**

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

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIOD 31 MARCH 2017 AND 2016

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

	Notes	USD (*) Unaudited Current Period 1 January- 31 March 2017	Unaudited Current Period 1 January- 31 March 2017	Unaudited Prior Period 1 January- 31 March 2016
A. Cash Flows From Operating Activities		**10.058**	**36.598**	**83.857**
Profit (loss) for the period		(25.417)	(92.481)	(38.058)
Adjustments to reconcilie net profit (loss) for the period		**84.141**	**306.155**	**175.239**
Adjustments related to depreciation and amortization	11,14,15	37.507	136.472	86.145
Adjustments related to provision for (reversal) of impairment	15		-	-
Adjustments related to provisions				
Adjustments related to provisions for (reversal of) employee benefits				
Adjustments related to provisions (reversal) for		*(718)*	*(2.611)*	*14.089*
lawsuits and/or penalty		*535*	*1.948*	*4.567*
Adjustments related to other provisions (reversals)		*3.765*	*13.701*	*13.485*
Adjustments related to interest income and expenses				
Adjustments related to interest income		*(4.772)*	*(17.363)*	*(15.199)*
Adjustments related to interest expenses		*17.869*	*65.017*	*44.307*
Deferred financial expense due to purchases with maturity	*27*	*1.854*	*6.745*	*9.926*
Unearned financial income due to sales with maturity	*27*	*(4.483)*	*(16.311)*	*(12.357)*
Adjustments related to changes in unrealised foreign exchange differences		25.460	92.639	16.051
Adjustments related to fair value (gains) losses		4.615	16.792	3.299
Adjustments related to losses (gains) on disposal of non-current assets	28	(596)	(2.168)	947
Adjustments related to undistributed profits of investments accounted by the equity method	4	976	3.550	2.017
Adjustments related to tax income (expense)	31	2.128	7.744	7.962
Changes in working capital		**(53.618)**	**(195.096)**	**(71.282)**
Adjustments for decrease (increase) in inventories		(17.383)	(63.250)	4.205
Adjustments for decrease (increase) in trade receivables				
Decrease (increase) in trade receivables from related parties		*(1.282)*	*(4.666)*	*(4.364)*
Decrease (increase) in trade receivables from non-related parties		*8.526*	*31.022*	*(132.187)*
Increase (decrease) in payables due to employee benefits		479	1.744	9.759
Adjustments related to decrease (increase) in other receivables on operations				
Increase (decrease) in other payables regarding operations with non-related parties		*(309)*	*(1.124)*	*798*
Adjustments related to increase (decrease) in trade payables				
Increase (decrease) in trade payables to related parties		*1.238*	*4.504*	*2.636*
Increase (decrease) in trade payables to non-related parties		*9.010*	*32.783*	*69.989*
Adjustments related to increase (decrease) in other payables on operations				
Increase (decrease) in other payables regarding operations with non-related parties		*(2.540)*	*(9.241)*	*11.396*
Adjustments for other increase (decrease) in working capital				
Decrease (increase) in other assets regarding operations		*(52.151)*	*(189.758)*	*(43.266)*
Increase (decrease) in other liabilities regarding operations		*794*	*2.890*	*9.752*
Cash Flows From Operating Activities		**5.106**	**18.578**	**65.899**
Employee termination benefits paid	22	(173)	(630)	(3.040)
Income tax refunds (payments)		(4.482)	(16.310)	(4.649)
Other provisions paid		(1.467)	(5.337)	(8.022)
Other cash inflow (outflow)		1.820	6.623	6.113
Interest received		9.255	33.674	27.556

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIOD 31 MARCH 2017 AND 2016

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

	Notes	*USD (*) Unaudited Current Period 1 January- 31 March 2017*	*Unaudited Current Period 1 January- 31 March 2017*	*Unaudited Prior Period 1 January- 31 March 2016*
B. Cash Flows From Investing Activities		**(13.819)**	**(50.282)**	**(296.840)**
Cash outflows related to capital increase and / or share increase of associates and/or joint ventures		(734)	(2.670)	(2.695)
Cash inflows related to capital decrease and / or share decrease of associates and/or joint ventures			-	2.293
Cash inflows from sale of property, plant, equipment and intangible assets		5.892	21.440	10.067
Cash outflows related to acquisition of share and / or debt instruments of other entities or funds		33.945	123.513	1.784
Cash outflows related to acquisition of property, plant and equipment and intangible assets	14, 15	(48.027)	(174.750)	(114.987)
Cash outflows related to acquisition of investment properties		(4.896)	(17.815)	(13.877)
Cash outflows related to derivative instruments			-	(179.425)
C. Net Cash From Financing Activities		**9.471**	**34.462**	**(57.094)**
Cash outflow related to repayments				
Cash outflows related to repayment of loan, net		*(7.399)*	*(26.922)*	*(96.221)*
Interest paid		(12.973)	(47.205)	(51.041)
Other cash inflows (outflows)		29.844	108.589	90.168
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		**5.710**	**20.778**	**(270.077)**
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS			**-**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**5.710**	**20.778**	**(270.077)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**414.686**	**1.508.877**	**1.886.899**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		**420.397**	**1.529.655**	**1.616.822**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since 21 June 1993. Within the frame of Resolution No.21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency("CRA"), 35,95% shares of Doğan Holding are to be considered in circulation as of 31 March 2017 (31 December 2016: 35,95%). As of 8 May 2017, circulation rate of shares are 35,95%.

The address of Holding's is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34696 İstanbul

As of 31 March 2017, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 8.708 (domestic 7.822) (31 December 2016: 8.635; domestic 7.724). Holding has 130 employees (31 December 2016: 133 employees).

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

Publishing

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Publishing (continued)

Subsidiaries	Nature of business	Country
OOO Pronto Media Holding Ltd.	Newspaper and Internet publishing	Russia
OOO Utro Peterburga	Newspaper and Internet publishing	Russia
OOO SP Belpronto	Newspaper and Internet publishing	Belarus
ZAO Pronto Akzhol	Newspaper and Internet publishing	Kazakhstan
TOO Pronto Akmola	Newspaper and Internet publishing	Kazakhstan
OOO Pronto Atyrau	Newspaper and Internet publishing	Kazakhstan
OOO Pronto Aktau	Newspaper and Internet publishing	Kazakhstan
ID Impress Media Marketing LLC	Publishing	Russia
OOO Rektcentr	Investment	Russia
Publishing House Pennsylvania Inc.	Investment	USA

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

Broadcasting

Subsidiaries	Nature of business	Country
Doğan TV Holding A.Ş. ("Doğan TV Holding")	Tv publishing	Turkey
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	Tv publishing	Turkey
Mozaik İletişim Hizmetleri A.Ş. ("Mozaik" veya "D-smart")	Tv publishing	Turkey
Doğan TV Digital Platform İşletmeciliği A.Ş.("Doğan TV Dijital")	Tv publishing	Turkey
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Tv publishing	Turkey
Osmose Media S.A ("Osmose Media")	Marketing	Luxembourg
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. ("Doğan Uydu Haberleşme")	Tv publishing	Turkey
Uydu İletişim Basın Yayın A.Ş. ("Uydu")	Tv publishing	Turkey
Doruk Televizyon ve Radyo Yayıncılık A.Ş. ("Doruk Televizyon" veya "CNN Türk")	Tv publishing	Turkey
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Bravo TV")	Tv publishing	Turkey
Doğa Televizyon ve Radyo Yayıncılık A.Ş. ("Doğa TV")	Tv publishing	Turkey
Dark Yapımcılık ve Ticaret A.Ş. ("Dark Yapımcılık")	Tv publishing	Turkey
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Altın Kanal")	Tv publishing	Turkey
Stil Televizyon ve Radyo Yayıncılık A.Ş. ("Stil TV")	Tv publishing	Turkey
Selenit Televizyon ve Radyo Yayıncılık A.Ş. ("Selenit TV")	Tv publishing	Turkey
Trend Televizyon ve Radyo Yayıncılık A.Ş. ("Trend TV" veya "D Çocuk")	Tv publishing	Turkey
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş. ("Ekinoks TV")	Tv publishing	Turkey
Fleks Televizyon ve Radyo Yayıncılık A.Ş. ("Fleks TV")	Tv publishing	Turkey
Kutup Televizyon ve Radyo Yayıncılık A.Ş. ("Kutup TV")	Tv publishing	Turkey
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Galaksi TV")	Tv publishing	Turkey
Yörünge Televizyon ve Radyo Yayıncılık A.Ş. ("Yörünge TV")	Tv publishing	Turkey
Tematik Televizyon ve Radyo Yayıncılık A.Ş. ("Tematik TV")	Tv publishing	Turkey

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Broadcasting (continued)

Subsidiaries	Nature of business	Country
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Süperkanal")	Tv publishing	Turkey
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. ("Eko TV")	Tv publishing	Turkey
Blutv İletişim ve Dijital Yayın Hizmetleri A.Ş. ("Blutv İletişim")	Tv publishing	Turkey
Primeturk GmbH ("Prime Turk")	Marketing	Germany
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş. ("Fun TV")	Tv publishing	Turkey
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Tempo TV")	Tv publishing	Turkey
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş. ("Kanalspor")	Tv publishing	Turkey
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş. ("Milenyum TV")	Tv publishing	Turkey
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("TV 2000")	Tv publishing	Turkey
Popüler Televizyon ve Radyo Yayıncılık A.Ş. ("Popüler TV")	Tv publishing	Turkey
Doğan Media International S.A. ("Kanal D Romanya")	Tv publishing	Romania
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("Rapsodi Radyo")	Radio publishing	Turkey
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Music and entertainment	Turkey
Mavi Digital Teknoloji Hizmetleri ve Ticaret A.Ş. ("Mavi Digital")	Internet publishing	Turkey

Retail

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

Energy

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

Joint venture	Nature of business	Country
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Energy	Turkey
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Energy	Turkey
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Energy	Jersey
Hakimiyet Petrol Ticaret Ltd Şti ("Hakimiyet Petrol")	Energy	Turkey

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Other

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Statement of compliance with TAS

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

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

These consolidated financial statements, except for the financial assets and investment properties that are presented at fair value, are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the 2016 TAS Taxonomy as stated above.

Adjustment to the financial statements in hyperinflationary periods

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

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

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

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

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

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles

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

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

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

(a) Subsidiaries

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

Control is achieved when the Group:

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

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

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

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

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (continued)

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

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

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

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

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

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

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

2.1.2 Consolidation principles (Continued)

(a) Subsidiaries (continued)

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

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%		Proportion of effective ownership interest (%)	
Subsidiaries	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**
Hürriyet	77,65	77,65	-	-	77,65	77,65	77,65	77,65
Doğan Gazetecilik	92,81	92,81	0,52	0,52	93,33	93,33	92,81	92,81
DMI	100,00	100,00	-	-	100,00	100,00	90,52	90,52
Mozaik	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doğan Haber Ajansı	99,99	99,99	-	-	99,99	99,99	99,99	99,99
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	77,65
TME	97,29	97,29	-	-	97,29	97,29	75,54	75,54
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing International Holding B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	45,32	45,32
OOO Pronto Aktobe	64,00	64,00	-	-	64,00	64,00	48,35	48,35
OOO Pronto Baikal (1)	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Kazan (2)	72,00	72,00	-	-	72,00	72,00	54,39	54,39
OOO Pronto Oka (3)	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Media Holding Ltd.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Utro Peterburga (4)	55,00	55,00	-	-	55,00	55,00	41,55	41,55
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	75,54	75,54

(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)

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%		Proportion of effective ownership interest (%)	
Subsidiaries	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**
OOO Pronto Atyrau	80,00	80,00	-	-	80,00	80,00	60,43	48,81
OOO Pronto Aktau	80,00	80,00	-	-	80,00	80,00	60,43	48,81
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	60,43	48,81
OOO RUKOM (5)	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Prime Turk	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Osmose Media	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Pronto Ust Kamenogorsk(6)	-	80,00	-	-	-	80,00	-	60,43
Doğan TV Holding (7)	93,22	92,88	0,10	0,11	93,32	92,99	93,22	92,88
Kanal D	94,97	94,97	5,03	5,03	100,00	100,00	88,53	88,21
Fun TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Tempo TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Kanalspor	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Milenyum TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
TV 2000	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Popüler TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Bravo TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doğa TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Altın Kanal	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Stil TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Selenit TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Trend TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Fleks TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Kutup TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Galaksi TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Yörünge TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Tematik TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Süper Kanal	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Uydu	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Eko TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	93,22	92,88
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	93,22	92,88
DMC	100,00	100,00	-	-	100,00	100,00	93,22	92,88
D&R	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Hürservis	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	98,86
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	100,00	100,00

(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)

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%		Proportion of effective ownership interest (%)	
Subsidiaries	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Orta Anadolu Otomotiv	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Çelik Halat	78,85	78,85	-	-	78,85	78,85	78,85	78,85
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Organik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Stroy	100,00	100,00	-	-	100,00	100,00	73,59	73,59
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Tes	100,00	100,00	-	-	100,00	100,00	100,00	100,00
A.G.T. Tanıtım	90,00	90,00	-	-	90,00	90,00	90,00	90,00
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Öncü Girişim	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Ditas America	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Ditas Trading[8]	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Aytemiz Akaryakıt	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Aytemiz Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Gaziemir Petrol	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Blutv İletişim	100,00	100,00	-	-	100,00	100,00	90,96	90,63
ID Impress Media Marketing	91,00	91,00	-	-	91,00	91,00	68,74	68,74
Glokal	100,00	100,00	-	-	100,00	100,00	77,65	77,65
DAF	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Mavi Digital	100,00	100,00	-	-	100,00	100,00	88,53	88,21
Dark Yapımcılık	70,00	70,00	-	-	70,00	70,00	61,97	61,75
Trend Motosiklet	99,84	99,84	-	-	99,84	99,84	99,84	99,84
Marlin Oto	100,00	100,00	-	-	100,00	100,00	100,00	100,00
İlke Turistik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Neta Yönetim	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Marlin Otelcilik	100,00	100,00	-	-	100,00	100,00	100,00	100,00

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

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

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

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

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

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

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

(8) The related subsidiary is in the process of liquidation as of 20 January 2017.

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (continued)

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

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

(b) Associates and Joint Ventures

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

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

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

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

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

2.1.4 Consolidation principles (Continued)

Associates and Joint Ventures (continued)

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

(c) Non-controlling interests

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

(d) Financial investments

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

2.1.4 Offsetting

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

2.1.5 Comparative information and restatement of previously reported financial statements

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

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

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

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

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

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

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

- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

    - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.

    - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.

    - IAS 19, 'Employee benefits' regarding discount rates.

    - IAS 34, 'Interim financial reporting' regarding disclosure of information.

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

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

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

a) The new standards, amendments and interpretations which are effective for the financial statemensts as of 31 March 2017 (continued):

- Amendments to IAS 16 'Property,plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016.These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improvepresentation and disclosure in financial reports

b) Standards, amendments and interpretations effective after 31 March 2017:

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

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

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

b) Standards, amendments and interpretations effective after 31 March 2017 (Continued):

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods begining on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

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

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

b) Standards, amendments and interpretations effective after 31 March 2017 (Continued):

- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
    - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
    - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard— IAS 39.
- Amendment to IAS 40, Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:
    - IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective on 1 January 2018.
    - IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
    - IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or a joint venture at fair value effective on 1 January 2018.
- IFRIC 22,' Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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

2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 3,6386 = USD 1,00 as of 31 March 2017. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

2.2 Summary of Significant Accounting Policies

Related parties

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

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

Sales and repurchase agreements

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

Trade receivables and provision for doubtful receivables

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Trade receivables and provision for doubtful receivables (continued)

Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. Additionally, the Group provides provision for its receivables for which there are no special agreed guarantees and overdue for more than a year. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.

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

Inventories

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

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

Promotion stocks

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

Broadcasting programme stocks

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial instruments

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Investment properties

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

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

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

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

Property, plant and equipment

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (continued)

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

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

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

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

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

Financial leases

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Operating leases

An operating lease is a lease that does not substantially all the risks and rewards incidental to ownership of an asset (for example, vehicle and building rentals). For operating leases, lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight line basis over the lease term under the consolidated statement of profit or loss (Note 13).

Intangible assets and related amortization

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization (continued)

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

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

Web page development costs

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

Broadcasting programme rights

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

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

The Group Management has evaluated the estimations regarding the presentation of cost of domestic TV series in the financial report by considering the foreign sales of domestic TV series that is continuing to increase in recent years in the current period. As a result of this evaluation, some part of the domestic TV series costs which has been recognised in full as programme costs as of the date of the broadcasting, has been started to be recognised as programme rights as of 30 June 2016. In the presentation of domestic TV series costs as "programme rights", the criterias considered are that there will be no limitation about the right to sell domestic TV series to abroad, the domestic TV series have been broadcasted for at least six episodes or have the commitment to be broadcasted and there is a potential of sale of the domestic TV series to abroad.

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

2.2 Summary of Significant Accounting Policies (Continued)

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

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

Taxation

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Current and deferred tax

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

Financial borrowings and borrowing costs

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

Financial liabilities regarding to put options of non-controlling interests

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

Employment termination benefits

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities

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

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

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

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

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

Share capital and dividends

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

Revenue recognition

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

a) Publishing and broadcasting segments

Revenue from advertisements

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

Subscription income

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

Revenues from circulation, magazine sales and distribution

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

Newspaper sales returns and provisions

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

Revenue from printing services

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

b) Energy segment

Revenue is the fair value of amount of electricity delivered the event that the consideration received or receivable. Revenue is recorded at the invoiced amounts, on accrual basis. Net sales are shown after deducting, invoiced electricity delivery, sales commissions and sales taxes. Revenue obtained from transmission charges, is shown in the financial statements by netting off with related costs.

Fuel sales are measured over the fair value of collected or collectable receivable amounts. Estimated customer returns, discounts and allowances are deducted from the amount in question. Revenue obtained from the sale of fuel is recognised when significant risks and rewards related to product to the buyer are transferred, revenue is reliably measured, in case of an inflow of probable economic benefits associated with the transaction and occurring or to be occurred costs regarding the transaction can be measured reliably.

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

c) Retail

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

d) Other segment

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

Real estate sales (Revenue proceeds from buyers)

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

Tourism income

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

Rental income

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

Vehicle sale

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

Barter agreements

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations

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

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

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (continued)

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

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

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

Goodwill

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Goodwill (continued)

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

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

Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

Foreign Group companies

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

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

Country	Currency	31 March 2017	31 December 2016
Eurozone	Euro	3,9083	3,7099
Russia	Ruble	0,0642	0,0573
United States of America	USD	3,6386	3,5192
Romania	New Lei	0,8549	0,8131
Kazakhstan	Tenge	0,1156	0,0106
Belarus	Belarusian Ruble	0,0002	0,0002

Segment Reporting

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

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

Earnings/ (loss) per share

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Non-current assets held for sale and discontinued operations

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

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

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

Government grants

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

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

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

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

Events after the reporting period

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

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

(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 activities.

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

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

a) Impairment of goodwill and intangible assets

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

The analysis for goodwill impairment for the period ended 31 December 2016 has been performed as explained in detail below by the Group.

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

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

	31 December 2016	
	EBITDA margin rate (%) (1)	**Discount rate (%) (2)**
Broadcasting	21	15,46
Publishing		
Russia	42,9	18
Turkey	11,28	16,7

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

a) Impairment of goodwill and intangible assets (continued)

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

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

As of November 2011, the Group management has considered the VAT principle amounting to TL 454.281 imposed as a consequence of share exchanges and transfers recognised in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon (the related subsidiary merged with D Yapım in 2013 and dissolve without liquidation) and Alp Görsel (the related subsidiary merged with Doğan TV in 2014 and dissolved without liquidation) and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of "recourse VAT invoice" by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TL 145.328, TL 222.662 and TL 86.291 have been recognised in the statutory records of D Yapım, Doğan Prodüksiyon and Alp Görsel, respectively. Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognise the input VAT amounting to TL 454.281 as an asset in the consolidated financial statements as it will be used in future tax periods. Accordingly, where practible, input VAT that can be offset against the recourse VAT in the related taxation periods can be recognised in the statement of income in the respective periods (Note 27). Deductible VAT amount is TL 425.275 (31 December 2016: TL 427.402) in statutory accounts as of 31 March 2017.

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

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

d) Useful lives of intangible assets

Useful lives of some trademarks are estimated to be infinite by the Group management. Where useful lives of related intangible assets are definite (in case of 20 years), amortization of such intangible assets' would increase by TL 3.325 (31 March 2016: TL 6.717) and profit before tax and non-controlling interests would decrease by TL 3.325 (31 March 2016: TL 6.717).

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

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

- if useful lives were 10% higher, amortization would decrease by TL 233 and profit before tax and non-controlling interests would increase by TL 233 (31 March 2016: TL 611); or

- if useful lives were 10% lower, amortization would increase by TL 362 and profit before tax and non-controlling interests would decrease by TL 362 (31 March 2016: TL 747).

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.2 Critical accounting judgments

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

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

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

NOTE 3 - BUSINESS COMBINATIONS

<u>Current period business combinations</u>

There are no significant business combinations during the period ended as of 31 March 2017 (31 December 2016: None).

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

Joint venture	Country	Nature of business	Entrepreneurial partner
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. and Anadolu Endüstri Holding A.Ş.
ASPM Holding B.V.	Netherland	Internet publishing	Autoscout24 GmbH
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
DD Finansman A.Ş. ("DD Finansman")	Turkey	Finance	Deutsche Bank AG
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Burda GmbH
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Egmont
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Newage Alzarooni Limited
Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet Petrol")	Turkey	Energy	Hakiki Petrol Limited Şirketi
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul)	Turkey	Real estate	Rönesans Gayrimenkul Yatırım A.Ş.
SP Pronto Kiev	Ukraine	Newspaper and Internet publishing	Feba Ltd., Tov Astra Publishing İnternational Holding B.V
TOV E-Prostir	Ukraine	Internet publishing	Adrey I. Parkhomenko, Dimitrienko S. Nadia G. Malyarova
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.

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

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

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

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

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

31 March 2017	**Total assets**	**Total liabilities**	**Net assets**	**Group's share on net assets**	**Net sales**	**Profit/(loss) for the period**	**Group's share on net profit/ (loss)**
DD Finansman	54.230	47.547	6.683	3.208	1.276	(1.642)	(788)
Gas Plus Erbil	457.982	3.115	454.867	227.434	-	(231)	(116)
Kandilli Gayrimenkul	159.387	6.700	152.687	76.344	-	9.356	4.678
Doğan Burda	54.304	29.357	24.947	11.231	20.986	(1.588)	(715)
Diğer	74.814	43.872	30.942	19.031	26.874	3.068	387
Total	**800.717**	**130.591**	**670.126**	**337.248**	**49.136**	**8.963**	**3.446**
Aslancık Elektrik	469.196	484.038	(14.842)	-	20.379	(12.767)	692
Boyabat Elektrik (1)	2.080.204	3.035.101	(954.897)	(234.289)	59.064	(154.468)	(7.688)

(1) Doğan Holding has given bail amounting to USD 64.390 (TL 234.289) (31 December 2016: USD 64.390) (TL 226.601) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is limited to the amount of the net assets allocated to the Group by the collateral amount given by Doğan Holding to the project financing loan with reference to the application of TAS 28, article 39, after the share of Boyabat Elektrik has decreased to zero and additional liability has been settled and the liability amount has been recognized.

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

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

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

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

Condensed statement of financial position information:

31 March 2017	Boyabat Elektrik	Aslancık Elektrik	DD Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	92.630	14.711	7.893	1.586	73	14.604	7.001	138.498
Other current assets	73.007	18.675	45.869	88	-	35.108	60.594	233.341
Other non-current assets	1.914.567	435.810	468	157.713	457.909	4.592	7.219	2.978.278
Total assets	**2.080.204**	**469.196**	**54.230**	**159.387**	**457.982**	**54.304**	**74.814**	**3.350.117**
Short-term borrowings	333.293	70.107	-	-	-	456	3.270	407.126
Other short-term liabilities	15.466	8.194	1.638	83	2.344	21.667	39.640	89.032
Liabilities regarding finance sector	-	-	45.909	-	-	-	-	45.909
Long-term borrowings	2.525.887	405.440	-	-	771	-	-	2.932.098
Other long-term liabilities	160.455	297	-	6.617	-	7.234	962	175.565
Total liabilities	**3.035.101**	**484.038**	**47.547**	**6.700**	**3.115**	**29.357**	**43.872**	**3.649.730**
Net assets:	(954.897)	(14.842)	6.683	152.687	454.867	24.947	30.942	(299.613)
Shares that aren't liability of the Group	80.827	-	-	-	-	-		
Group's share	0,33	0,33	0,48	0,50	0,50	0,45		
Group's net asset share	**(234.289)**	**-**	**3.208**	**76.344**	**227.434**	**11.231**	**19.031**	**102.959**

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

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

Condensed statement of financial position information (continued):

31 December 2016	**Boyabat Elektrik**	**Aslancık Elektrik**	**DD Finansman**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Other**	**Total**
Cash and cash equivalents	49.661	6.711	34.778	35	49	14.926	6.571	112.731
Other current assets	99.108	20.135	50.021	1.794	-	34.631	48.223	253.912
Other non-current assets	1.936.258	435.451	957	146.006	441.578	4.667	7.246	2.972.163
Total assets	**2.085.027**	**462.297**	**85.756**	**147.835**	**441.627**	**54.224**	**62.040**	**3.338.806**
Short-term borrowings	285.880	80.777	-	-	-	-	3.160	369.817
Other short-term liabilities	26.629	28.418	1.672	225	6.442	19.391	22.138	104.915
Liabilities regarding finance sector	-	-	75.909	-	-	-	-	75.909
Long-term borrowings	2.423.088	354.903	-	-	-	-	-	2.777.991
Other long-term liabilities	147.188	274	-	4.280	746	8.298	430	161.216
Total liabilities	**2.882.785**	**464.372**	**77.581**	**4.505**	**7.188**	**27.689**	**25.728**	**3.489.848**
Net assets:	(797.758)	(2.075)	8.175	143.330	434.439	26.535	36.312	(151.042)
Shares that aren't liability of the Group	(28.174)	-	-	-	-	-		
Group's share	*0,33*	*0,33*	*0,48*	*0,50*	*0,50*	*0,45*		
Group's net asset share:	**(226.601)**	**(692)**	**3.924**	**71.665**	**217.220**	**11.946**	**18.716**	**96.178**

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

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

1 January- 31 March 2017	**Boyabat Elektrik**	**Aslancık Elektrik**	**DD Finansman**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Other**
Revenue	59.064	20.379	1.276	-	-	20.986	26.874
Operating profit	5.519	6.823	(1.851)	11.679	(196)	(1.515)	23.459
Net financial expense	(162.617)	(22.856)	-	-	(9)	(55)	(411)
Profit before income tax	(157.098)	(16.033)	(1.851)	11.685	(231)	(1.571)	3.496
Currency translation differences	-	-	-	-	7.857	-	-
Total comprehensive income/ (expense)	**(154.468)**	**(12.767)**	**(1.642)**	**9.356**	**7.421**	**(1.588)**	**3.068**
Group's share	0,33	0,33	0,48	0,50	0,50	0,45	
Group's net share on profit	**(7.688)**	**692**	**(788)**	**4.678**	**(116)**	**(715)**	**387**

1 January- 31 March 2016	**Boyabat Elektrik**	**Aslancık Elektrik**	**DD Finansman**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Other**
Revenue	39.204	27.205	11.219	-	-	24.703	9.674
Operating profit	4.297	10.190	(3.776)	(1.512)	(4)	(616)	1.560
Net financial expense	(11.599)	4.433	(856)	-	(9)	(52)	-
Profit before income tax	(7.302)	14.624	(4.906)	(21)	(32)	(669)	1.176
Currency translation differences	-	-	-	-	(9.123)	-	-
Total comprehensive income/ (expense)	**(5.237)**	**(13.547)**	**(4.906)**	**(1.529)**	**(9.155)**	**(697)**	**1.776**
Group's share	*0,33*	*0,33*	*0,48*	*0,50*	*0,50*	*0,45*	
Group's net share on profit	**(1.728)**	**4.515**	**(2.355)**	**(765)**	**(16)**	**(314)**	**(1.354)**

(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 2017	**1 January- 31 March 2016**
Publishing	245.506	270.843
Broadcasting	264.807	267.415
Retail	184.585	162.898
Energy	1.172.843	788.783
Other	146.933	98.242
	2.014.674	**1.588.181**

b) Profit / (loss) before income tax

	1 January- 31 March 2017	**1 January- 31 March 2016**
Publishing	(1.605)	(15.414)
Broadcasting	(48.273)	2.884
Retail	3.809	462
Energy	(10.923)	21.524
Other	(27.745)	(39.552)
	(84.737)	**(30.096)**

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

NOTE 5 - SEGMENT REPORTING (Continued)

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

	Publishing	Broadcasting	Retail	Energy	Other	Inter segment Elimination	Total
External revenue	**245.506**	**264.807**	**184.585**	**1.172.843**	**146.933**	**-**	**2.014.674**
Inter segment revenue	17.218	5.593	167	5.758	7.399	(36.135)	-
Total revenue	**262.724**	**270.400**	**184.752**	**1.178.601**	**154.332**	**(36.135)**	**2.014.674**
Revenue	262.724	270.400	184.752	1.178.601	154.332	(36.135)	2.014.674
Cost of sales	(186.872)	(233.692)	(118.994)	(1.093.617)	(117.247)	18.785	(1.731.637)
Gross profit	**75.852**	**36.708**	**65.758**	**84.984**	**37.085**	**(17.350)**	**283.037**
General administrative expenses	(36.404)	(22.614)	(6.278)	(3.327)	(32.156)	7.115	(93.664)
Marketing expenses	(38.110)	(31.019)	(56.120)	(46.671)	(10.081)	5.988	(176.013)
Share of gain/(loss) on investments accounted for by using equity method	(344)	-	-	(7.094)	3.888	-	(3.550)
Other income /(expenses) from operating activities, net	7.631	(836)	1.568	6.475	37.495	3.436	55.769
Income / (expenses) from investing activities, net	2.048	(513)	1.519	655	(27.488)	-	(23.779)
Financial income / (expenses), net	(12.278)	(29.999)	(2.638)	(45.945)	(36.488)	811	(126.537)
Profit/(loss) before tax	**(1.605)**	**(48.273)**	**3.809**	**(10.923)**	**(27.745)**	**-**	**(84.737)**

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

NOTE 5 - SEGMENT REPORTING (Continued)

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

	Publishing	**Broadcasting**	**Retail**	**Energy**	**Other**	**Inter segment Elimination**	**Total**
External revenue	**270.843**	**267.415**	**162.898**	**788.783**	**98.242**	**-**	1.588.181
Inter segment revenue	10.437	3.172	545	5.898	9.078	(29.130)	-
Total revenue	**281.280**	**270.587**	**163.443**	**794.681**	**107.320**	**(29.130)**	**1.588.181**
Revenue	281.280	270.587	163.443	794.681	107.320	(29.130)	1.588.181
Cost of sales	(187.776)	(203.574)	(103.353)	(727.532)	(79.341)	13.777	(1.287.799)
Gross profit	**93.504**	**67.013**	**60.090**	**67.149**	**27.979**	**(15.353)**	**300.382**
General administrative expenses	(38.631)	(20.366)	(3.078)	(4.603)	(20.518)	8.647	(78.549)
Marketing expenses	(43.721)	(30.929)	(57.095)	(39.743)	(5.840)	4.457	(172.871)
Share of gain/(loss) on investments accounted for by using equity method	(13)	-	-	2.930	(4.934)	-	(2.017)
Other income / (expenses) from operating activities, net	(3.832)	(1.440)	608	3.243	(6.842)	1.653	(6.610)
Income / (expenses) from investing activities, net	2.983	(1.142)	1.122	912	(11.444)	(1.057)	(8.626)
Financial income / (expenses)	(25.704)	(10.252)	(1.185)	(8.364)	(17.953)	1.653	(61.805)
Profit/(loss) before tax	**(15.414)**	**2.884**	**462**	**21.524**	**(39.552)**	**-**	**(30.096)**

(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 2017	31 December 2016
Total assets		
Publishing	1.732.931	1.706.149
Broadcasting	1.308.620	1.276.215
Retail	343.858	315.537
Energy	2.073.903	1.730.603
Other	9.075.316	9.025.193
Total	**14.534.628**	**14.053.697**
Less: segment elimination (1)	(6.630.984)	(6.221.801)
Total assets per consolidated financial statements	**7.903.644**	**7.831.896**

Shareholder's equity	**31 March 2017**	**31 December 2016**
Publishing and broadcasting	669.334	755.144
Retail	82.593	80.391
Energy	1.143.679	1.172.536
Other	7.576.764	7.737.620
Total	**9.472.370**	**9.745.691**
Less: segment elimination (2)	(6.937.624)	(7.167.345)
Total shareholders' equity per consolidated financial statements	**2.965.736**	**3.017.164**
Non-controlling interests	430.990	438.818
Equity attributable to equityholders of the parent company	**2.534.746**	**2.578.346**

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

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

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

NOTE 5 - SEGMENT REPORTING (Continued)

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

	1 January- 31 March 2017	1 January- 31 March 2016
Purchases		
Publishing	8.011	14.620
Broadcasting	105.256	49.130
Retail	2.641	2.035
Energy	53.003	48.342
Other	38.638	14.737
Total	**207.549**	**128.864**
Depreciation and amortisation [1]		
Publishing	10.140	16.659
Broadcasting	91.430	40.190
Retail	2.343	2.595
Energy	25.111	19.215
Other	7.448	7.486
Total	**136.472**	**86.145**

(1) Depreciation expense related to other segment amounting to TL 161 has been recognised under inventory account (31 December 2016: TL 145).

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

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	31 March 2017	31 December 2016
Cash	6.015	7.475
Banks		
- demand deposits	190.547	173.837
- time deposits	1.231.213	1.226.385
Other current assets	102.501	104.466
	1.530.276	**1.512.163**

As of 31 March 2017, the gross effective interest rates of USD, EUR and TL denominated time deposits are between gross 0,06% and 3,46% (31 December 2016: 0,35% and 3,59%), 0,01% and 2,00% (31 December 2016: 0,01% and 2,00%) and 2,00% and 12,69% (31 December 2016: 2,00% and 11,60%), respectively and the maturity is shorter than 3 months.

As of 31 March 2017, other current assets consist of credit card slip receivables amounting to TL 102.099 (31 December 2016: TL 104.435) and blocked deposits amounting to TL 402 (31 December 2016: TL 31).

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

	31 March 2017	31 December 2016	31 March 2016
Cash and cash equivalents	1.530.276	1.512.163	1.618.366
Accrued interest (-)	(621)	(3.286)	(1.544)
Cash and cash equivalents	**1.529.655**	**1.508.877**	**1.616.822**

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

NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

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

	31 March 2017	31 December 2016
Private sector bonds and bills	102.625	114.882
Blocked deposits [1]	65.281	173.870
	167.906	**288.752**

[1] As of 31 March 2017, Doğan Holding has guarantees given of USD 6.000 (TL 21.832) for its subsidiary Mozaik and TL 40.000, and TL 3.449 blocked bank deposits for other subsidiaries (31 December 2016: TL 82.371 blocked bank deposits, and USD 26.000 (TL 91.499) guarantee for its subsidiary Mozaik).

Private sector bonds and bills are dominated in TL and USD and their weighted average interest rates are 14,20% and 3,36% respectively (31 December 2016: TL 13,4%, USD 4,41%).

b) Long-term financial investments

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

	31 March 2017		31 December 2016	
	TL	%	TL	%
Lexin Nassau L.P.[1]	72.436	22,15	70.059	22,15
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.	1.700	<1	1.700	<1
Other	4.957	<1	4.957	<1
	79.093		**76.716**	

[1] Lexin Nassau L.P. is a long-term investment of M Investment, a subsidiary of the Group. The related investment is accounted as available-for-sale financial asset, and as of 31 March 2017 the fair value is recognised as TL 72.436 (US Dollars 19.908).

(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 2017 and 31 December 2016 are as follows:

Short-term borrowings:	**31 March 2017**	**31 December 2016**
Short term bank borrowings	1.166.222	1.078.271
Factoring borrowings	3.292	9.440
Finance lease borrowings	201	717
Total	**1.169.715**	**1.088.428**

Short-term portion of long-term borrowings:	**31 March 2017**	**31 December 2016**
Short-term portion of long-term bank borrowings	319.587	305.409
Total	**319.587**	**305.409**

Long-term borrowings:	**31 March 2017**	**31 December 2016**
Long term bank borrowings	844.992	895.251
Finance lease borrowings	73	132
Total	**845.065**	**895.383**

(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 2017 and 31 December 2016 are as follows:

	31 March 2017			31 December 2016		
	Interest rate per annum (%)	Original currency	TL	Interest rate per annum (%)	Original currency	TL
Short-term bank borrowings:						
TL denominated bank borrowings	3,4 - 15	792.974	792.974	3 - 14,2	687.334	687.334
USD denominated bank borrowings	3,3 - 3,45	14.799	53.848	3,5 - 3,5	7.394	26.021
EUR denominated bank borrowings	1,25 - 3,75	75.100	293.512	0,75 - 3,05	94.267	349.721
Other bank borrowings	12,5 - 13,75	403.242	25.888	12,63 - 13,41	265.093	15.195
Sub-total			**1.166.222**			**1.078.271**
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	3 - 12,75	73.127	73.127	3 - 13,50	98.398	98.398
USD denominated bank borrowings	4,72 - 4,91	27.220	99.043	4,55 - 4,58	29.828	104.969
EUR denominated bank borrowings	0,75 - 4,67	37.719	147.417	0,75 - 4,7	27.505	102.042
Sub-total			**319.587**			**305.409**
Total short-term bank borrowings:			**1.485.809**			**1.383.680**
Long-term bank borrowings:						
TL denominated bank borrowings	3 - 13,01	363.324	363.324	3 - 13,25	370.205	370.205
USD denominated bank borrowings	-	-	-	4,75 - 4,75	25.000	87.980
EUR denominated bank borrowings	2,15 - 4,67	123.242	481.668	0,75 - 4,7	117.810	437.066
Total long-term bank borrowings			**844.992**			**895.251**

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

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

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

	31 March 2017	31 December 2016
2018	446.455	759.066
2019	248.967	96.831
2020	59.147	15.539
2021 and after	90.423	23.815
	844.992	**895.251**

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

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

Commitments and financial terms about borrowings

Publishing

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

Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through finance leases. As of 31 March 2017, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 274 (31 December 2016: TL 849).

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

	31 March 2017	31 December 2016
2018 and after	73	132
Total	**73**	**132**

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

	31 March 2017	31 December 2016
Financial borrowings with fixed interest rates (Note 34)	1.772.392	1.718.751
Financial borrowings with floating interest rates (Note 34)	561.975	570.469
Toplam	**2.334.367**	**2.289.220**

b) Other financial liabilities

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

Other long term financial liabilities:	**31 March 2017**	**31 December 2016**
Financial liabilities due to call and put options (Note 17)	554.475	519.829
	554.475	**519.829**

(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

Short-term trade receivables from non- related parties	**31 March 2017**	**31 December 2016**
Trade receivables	1.496.231	1.542.715
Notes and cheques receivable	213.481	221.861
Income accruals	11.782	6.209
Total	**1.721.494**	**1.770.785**
Less: Unearned financial income due to sales with maturity	(10.048)	(11.907)
Less: Provision for doubtful receivables (-)	(290.416)	(273.204)
Total	**1.421.030**	**1.485.674**

The average maturity of not overdue trade receivables of the Group that are followed by Doğan Faktoring is between 73 to 111 days as of the statement of financial position date (31 December 2016: 73-111 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is 12,68% (31 December 2016: 12,68%).

Long-term trade receivables	**31 March 2017**	**31 December 2016**
Notes and cheques receivable (1)	35.003	31.292
Unearned financial income due to sales with maturity	(6.656)	(6.034)
	28.347	**25.258**

(1) TL 76 (31 December 2016: TL 114) of the aforementioned notes receivables are related to forward sales in Automall and Veneris projects of Milpa, a subsidiary of the Group, within 2012- 2015 years. In addition to this amount, there are long-term notes receivables in relation to the fuel sales amounting to TL 34.619 (31 December 2016: TL 30.721 gross, discounted amount TL 28.044 (31 December 2016: TL 24.768) and in relation to other operations amounting TL 308 (31 December 2016: 457).

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

	2017	**2016**
1 January	(273.204)	(275.324)
Provision booked in the current period (Note 27)	(23.585)	(12.474)
Currency translation differences	(325)	(160)
Written off trade receivables (1)	75	-
Collections and reversal of provisions	6.623	6.113
Disposal of subsidiary	-	(26)
31 March	**(290.416)**	**(281.871)**

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

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Guarantees for trade receivables

As of 31 March 2017, although trade receivables amounting to 323.272 TL (31 December 2016: TL 221.016), were overdue, they were not assessed as doubtful receivable (Note 34). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

As of 31 March 2017, the Group has received letters of guarantee, guarantee notes, guarantee cheques, bails, receivable insurance, pledges and mortgages amounting to TL 327.730 (31 December 2016: TL 370.084) related to trade receivables from non-related parties amounting to TL 1.449.377 (31 December 2016: TL 1.510.932) (Note:34).

The guarantees received for the total trade receivables of the Group consist of bank guarantee letter amounting to TL 14.263 (31 December 2016: TL 9.553), bails and mortgages amounting to TL 43.944 (31 December 2016: TL 76.922), cheques and notes amounting to TL 251.890 (31 December 2016: TL 254.488), receivable insurance amounting to TL 16.887 (31 December 2016: TL 28.626) and vehicle pledge amounting to TL 746 (31 December 2016: TL 495). Among these guarantees, bank guarantee letter amounting to TL 15.255, bails and mortgages amounting to TL 28.943, notes amounting to TL 19.281, vehicle pledge amounting to TL 746, receivable insurance amounting to TL 9.522 were received for overdue but not impaired receivables. (31 December 2016: bank guarantee letter amounting to TL 8.978, bails and mortgages amounting to TL 20.409, cheques and notes amounting to TL 12.915, vehicle pledge amounting to TL 495, receivable insurance amounting to TL 6.104 were received for overdue but not impaired receivables) (Note 34).

Short-term trade payables to non-related parties

	31 March 2017	**31 December 2016**
Trade payables	940.893	909.755
Provision for liabilities and expenses	36.433	32.298
Other payables [1]	12.898	2.897
Less: unearned finance expense due to purchases with maturity	(7.218)	(5.840)
Total	**983.006**	**939.110**

The average maturity of trade payables is between 34 to 92 days as of 31 March 2017 (31 December 2016: 34 to 92 days).

(1) As of 31 March 2017, TL 11.805 of other payables comprises of debt securities issued by Milpa, the subsidiary of the Group, for the purchase of Ömerli land.

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from non-related parties	**31 March 2017**	**31 December 2016**
Notes receivables [1]	9.664	7.151
Deposits and guarantees given	3.029	2.413
TEİAŞ power transmission line receivables [2]	2.710	3.240
Receivables from the sale of tangible assets	1.591	-
Receivables from dealers regarding agreement terminations	-	1.631
Receivables from the sale of investment property [3]	-	1.450
Other miscellaneous receivables [4]	7.404	1.161
Total	**24.398**	**17.046**

Other long-term receivables from non-related parties	**31 March 2017**	**31 December 2016**
Notes receivables [1]	23.110	25.833
Deposits and guarantees given	3.174	3.000
TEİAŞ power transmission line receivables [2]	-	249
Total	**26.284**	**29.082**

(1) Comprises of the receivables from the sale of property, plant and equipment of Milta. Receivables with a maturity of 50 months will be collected until 5 August 2020. TL 21.427 (31 December 2016: TL 23.164) of long-term notes receivables comprise of the receivables from the sale of property, plant and equipment of Milta.

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

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

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

Other short term payables	**31 March 2017**	**31 December 2016**
Taxes and funds payable	118.448	88.813
Payables arising from tax base increase	3.483	2.331
Deposits and guarantees received	1.029	1.162
Other short term payables	99.248	139.809
Total	**222.208**	**232.115**

Other long term payables	**31 March 2017**	**31 December 2016**
Deposits and guarantees received	13.039	13.346
Tax base increase payables	2.080	2.431
Other long term payables [1]	104.995	103.672
Total	**120.114**	**119.449**

(1) The related balance consists of the payables amounting to USD 58.260 of the Group's subsidiary Aytemiz Akaryakıt to Aytemiz Family with an interest rate of 2,5% and which will be paid in two equal installments. The net discounted amount with the finance cost of the related payable is USD 58.623 (TL 213.306) (31 December 2016: USD 60.469 (TL 212.803)).

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

NOTE 11 - INVENTORIES

	31 March 2017	31 December 2016
Finished goods and merchandise	393.700	337.026
Raw materials and supplies	100.893	93.889
Semi-finished goods	12.728	14.274
Promotion stocks	5.391	5.808
Other inventories	2.915	1.511
	515.627	**452.508**
Provision for impairment of inventory (-)	(9.816)	(11.158)
Total	**505.811**	**441.350**

Depreciation and amortization expenses amounting to TL 161 have been included in cost of inventories as of 31 March 2017 (31 December 2016: TL 145).

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

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

	2017	2016
1 January	(11.158)	(14.540)
Provision booked in the current period (Note 27)	(253)	(1.080)
Reversal of provision for impairment of inventories	1.595	366
31 March	**(9.816)**	**(15.254)**

NOTE 12 - BIOLOGICAL ASSETS

Biological assets of Doğan Organik, a subsidiary of the Group, amounts to TL 346 as of 31 March 2017 (31 December 2016: TL 215).

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

NOTE 13 - INVESTMENT PROPERTIES

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

	1 January 2017	Additions	Disposals	Transfers	Impairment adjustment (1)	Currency translation differences	31 March 2017
Land	476.846	26.789	-	-	(11.765)	-	491.870
Buildings	93.024	6.010	(11.227)	-	(844)	3.563	90.526
Net book value	**569.870**	**32.799**	**(11.227)**	**-**	**(12.609)**	**3.563**	**582.396**

	1 January 2016	Additions	Disposals	Transfers	Fair value adjustment	Currency translation differences	31 March 2016
Land	272.864	2.126	-	-	(1.079)	-	273.911
Buildings	103.211	11.751	(5.812)	-	(2.220)	3.041	109.971
Net book value	**376.075**	**13.877**	**(5.812)**	**-**	**(3.299)**	**3.041**	**383.882**

(1) TL 844 of the impairment adjustment is related to investment properties obtained through barter agreements, TL 11.765 is related to realization of fair value adjustment of investment properties considering the effect of purchase and sale transactions, occurred in the current year, on the land and residential unit prices, and other factors.

The Group has generated a rent income of TL 930 from investment properties (31 March 2016: TL 981). Direct operating costs incurred within the current period regarding investment properties is TL 133 (31 March 2016: TL 77). There is no collateral or mortgage on investment properties of the Group.

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

NOTE 13 - INVESTMENT PROPERTIES (Continued)

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

Level reclassification of financial assets and liabilities measured at fair value

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

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

			Fair value level as of the reporting date		
Financial Assets / Financial Liabilities	Fair value		1. Level	2. Level	3. Level
	31 March 2017	31 December 2016			
Investment properties	582.396	569.870	-	582.396	-

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2017	Additions	Disposals	Transfer	Currency translation differences	31 March 2017
Cost:						
Land and land improvements	182.821	133	-	-	560	183.514
Buildings	130.169	624	-	7	2.200	133.000
Machinery and equipment	1.228.635	1.570	(264)	381	5.306	1.235.628
Motor vehicles	206.997	6.023	(8.761)	-	88	204.347
Furniture and fixtures	495.489	6.778	(3.246)	300	916	500.237
Development costs of leased tangible assets	121.640	1.928	(426)	379	201	123.722
Other tangible assets	125.314	3.720	(380)	-	134	128.788
Construction in progress	121.153	42.019	(508)	(1.783)	4	160.885
	2.612.218	**62.795**	**(13.585)**	**(716)**	**9.409**	**2.670.121**
Accumulated depreciation:						
Land and land improvements	5.549	123	-	-	-	5.672
Buildings	84.630	1.678	-	399	1.397	88.104
Machinery and equipment	882.114	12.621	(257)	-	5.088	899.566
Motor vehicles	57.401	4.090	(4.926)	-	76	56.641
Furniture and fixtures	293.184	9.637	(1.422)	-	817	302.216
Development costs of leased tangible assets	73.685	2.710	(304)	-	118	76.209
Other tangible assets	47.754	3.840	(95)	-	64	51.563
	1.444.317	**34.699**	**(7.004)**	**399**	**7.560**	**1.479.971**
Net book value	**1.167.901**					**1.190.150**

As of 31 March 2017, total depreciation expenses amounting to TL 136.633 (31 December 2016: TL 86.185), corresponding tangible assets amounting to TL 34.699 (31 December 2016: TL 34.089) and intangible assets amounting to TL 101.934 (31 December 2016: TL 52.096), allocated by TL 104.076 (31 December 2016: TL 50.553) recognised in cost of sales (Note 24), TL 23.578 (31 December 2016: TL 23.346) recognised in marketing expenses and TL 8.818 (31 December 2016: TL 12.246) recognised in general administrative expenses (Note 25) and TL 161 (31 December 2016: TL 40) of amortization expenses are recognised in inventories.

There is a mortgage of TL 25.404 on property, plant and equipment as of 31 March 2017 (31 December 2016: TL 24.114). Net book value of property, plant and equipment acquired by leasing is TL 3.244 as of 31 March 2017 (31 December 2016: TL 3.396).

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2016	Additions	Disposals	Transfer	Currency translation differences	31 March 2016
Cost:						
Land and land improvements	147.923	472	(50)	11.675	86	160.106
Buildings	190.623	243	(784)	-	958	191.040
Machinery and equipment	1.224.922	1.178	(2.789)	842	365	1.224.518
Motor vehicles	89.727	5.609	(1.410)	-	(259)	93.667
Furniture and fixtures	478.658	8.046	(4.285)	-	129	482.548
Development costs of leased tangible assets	117.386	1.115	(80)	-	(16)	118.405
Other tangible assets	88.617	7.868	(500)	-	-	95.985
Construction in progress	78.317	16.160	(203)	(12.517)	(784)	80.973
	2.416.173	**40.691**	**(10.101)**	**-**	**479**	**2.447.242**
Accumulated depreciation:						
Land and land improvements	5.063	168	(47)	-	-	5.184
Buildings	107.764	1.248	(234)	-	323	109.101
Machinery and equipment	833.696	15.426	(1.254)	-	250	848.118
Motor vehicles	55.480	2.998	(1.152)	-	(241)	57.085
Furniture and fixtures	262.621	9.395	(2.082)	-	(214)	269.720
Development costs of leased tangible assets	74.842	2.243	(73)	-	-	77.012
Other tangible assets	35.618	2.611	(221)	-	-	38.008
	1.375.084	**34.089**	**(5.063)**	**-**	**118**	**1.404.228**
Net book value	**1.041.089**					**1.043.014**

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

NOTE 15 - INTANGIBLE ASSETS

Other intangible assets:

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

	1 January 2017	Additions	Disposals	Currency translation differences	31 March 2017
Cost					
Customer list	289.292	-	-	19.192	308.484
Trade names	7.876	-	-	-	7.876
Trade names related to Media segment	222.805	-	-	25.552	248.357
Electricity production license	354.644	-	-	-	354.644
Other	584.597	10.190	(2.296)	5.845	598.336
	1.459.214	**10.190**	**(2.296)**	**50.589**	**1.517.697**
Accumulated amortization:					
Customer list	233.574	1.124	-	15.932	250.630
Trade names	2.756	394	-	-	3.150
Trade names related to Media segment	- 34.934	77	-	1.410	36.421
Electricity production license	22.094	1.912	-	-	24.006
Other	433.929	10.605	(832)	4.331	448.033
	727.287	**14.112**	**(832)**	**21.673**	**762.240**
Dealer agreements	225.467				225.398
Television programme rights [(2)]	159.478				174.593
	1.116.872				**1.155.448**

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

	1 January 2017	Additions	Depreciation [(1)]	Currency translation differences	31 March 2017
Dealer agreements	225.467	11.771	(11.840)	-	225.398
Television programme rights	159.477	89.994	(75.982)	1.104	174.593

(1) TL 29.471 (31 March 2016: TL 24.902) of TL 75.982 (31 March 2016: TL 24.902) of total programme rights amortisation is recognised under the television program rights amortisation and the remaining TL 46.511 (31 March 2016: None) is recognised under television programme production costs (Note 24).

(2) Part of domestic series costs, presented as "programme inventory" in the previous periods and recorded as programme expense on the date of its broadcasting, were started to be presented as "programme rights" as of 30 June 2016 (Note 2).

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (Continued):

	1 January 2016	Additions	Disposals	Currency translation differences	31 March 2016
Cost					
Customer list	221.027	-	-	8.686	229.713
Trade names	7.876	-	-	-	7.876
Trade names related to Media segment	146.760	2.153	(1.433)	8.905	156.385
Electricity production license	354.644	17	-	-	354.661
Other	511.106	9.666	(484)	(1.013)	519.275
	1.241.413	**11.836**	**(1.917)**	**16.578**	**1.267.910**
Accumulated amortization:					
Customer list	120.383	2.626	-	4.392	127.401
Trade names	1.181	394	-	-	1.575
Trade names related to Media segment	19.535	2.232	(1.405)	1.019	21.381
Electricity production license	14.447	1.912	-	(1.489)	14.870
Other	376.349	10.131	(348)	(798)	385.334
	531.895	**17.295**	**(1.753)**	**3.124**	**550.561**
Dealer agreements	135.251				152.046
Television programme rights	109.203				120.461
	953.972				**989.856**

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

	1 January 2016	Additions	Deppreciation (1)	Currency translation differences	Impairment	31 March 2016
Dealer agreements	135.251	26.694	(9.899)	-	-	152.046
Television programme rights (2)	109.203	35.766	(24.902)	394	-	120.461

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (Continued):

Intangible assets with indefinite useful lives

As of 31 March 2017, the Group has determined that trademarks with carrying value of TL 238.949 have indefinite useful lives (31 December 2016: TL 215.940). The utilization period of trademarks with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Goodwill

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

NOTE 16 - GOVERNMENT GRANTS

Ditaş, a subsidiary of the Group, benefits from the insurance premium incentive, regional incentive (Law no: 56486), incentive of the social security institution and minimum wage (Law no: 56645) under the scope of Social Security and General Health Insurance Law (Law no: 5510). In this context, the incentive of the insurance premium amounting to TL 372 (31 December 2016: TL 362) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 March 2017. The duration of the above-mentioned incentives as of 31 March 2017 is until 31 December 2017.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	**31 March 2017**	**31 December 2016**
Provision for lawsuits and indemnity	33.074	36.459
ICTA Penalty	405	533
Other	5.894	3.506
	39.373	**40.498**

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

	2017	**2016**
1 January	36.459	37.315
Additions in the current period (Note 27)	7.769	6.084
Currency translation differences	4	98
Payments of provisions	(5.337)	(8.022)
Reversal of provisions booked in prior periods	(5.821)	(1.517)
31 March	**33.074**	**33.958**

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

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

(a) Lawsuits

The amount of lawsuits filed against the Group is TL 85.465 as of 31 March 2017 (31 December 2016: TL 85.208).

	31 March 2017	31 December 2016
Legal cases	60.800	63.821
Business cases	9.175	11.076
Commercial cases	16.005	10.108
Other	485	203
Total	**86.465**	**85.208**

Provision for lawsuits filed against the Group whose details are given above amounting to TL 33.074 has been provided with reference to the opinions of the Group's legal advisors and past experience of management related to similar litigations against the Group (31 December 2016: TL 36.459). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against publishing and broadcasting companies and lawsuits initiated by the Radio and Television Supreme Council.

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

Amendment of the Share Purchase and the Shareholder Agreements

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

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

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

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

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

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

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

Option Exercise Table:

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

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

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

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

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

a. In case of an initial public offering of the "Axel Shares" between the dates 01 January 2015 and 31 January 2022, the following shall be applicable for the value of the "Axel Shares" based on the three months average share price following the initial public offering ("Value of the Share Sold").

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Amendment of the Share Purchase and the Shareholder Agreements (Continued)</u>

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

Option Exercise Table:

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

As abovementioned in Option Use Table, DTV Put Option/2016 has been expended by Commerz Film GmbH in 29 January 2016 and relevant guarantee letter was returned.

The liability for unconditional "commitment to buy" of Doğan Holding mentioned above was recorded under "other long-term financial liability" in the consolidated financial statements as of 31 March 2017 amounting to TL 554.475 (31 December 2016: TL 519.829) calculated over discounted cash outflows that will take place in the future. "Non-controlling interests" as the amount representing the shares belonging to Axel Springer were removed from the consolidated financial statements. Since the transaction did not result in any change of control over DTV on the date of transfer of shares, the difference between recorded financial liabilities and removed non-controlling interests was directly recognised under equity.

(c) Doğan TV Digital Platform İşletmeciliği A.Ş.

As a result of the investigation performed by Information and Communication Technologies Authority (ICTA) on one of the indirect subsidiaries of the Group, Doğan TV Dijital Platform İşletmeciliği A.Ş., on 21 April 2014, an administrative penalty amounting to TL 10.342 was sentenced and TL 8.260 was accrued in order to refund to the subscribers. The Group paid administrative penalty amounting to TL 7.756 by taking advantage of 25% discount for advance payment with the objection record as of 23 September 2014. On the other hand, TL 4.391 of the total amount accrued in relation to the refunds to the subscribers has been paid as of 31 March 2017 (31 December 2016: TL 4.608). Provision recognised in the prior periods regarding this matter is TL 2.616.

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

(d) Other

Milpa:

The Land of Ömerli

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa"), a subsidiary of the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at Istanbul Province, Pendik District, Kurtdoğmuş Village with an area of m² 2.238.207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 20 January 2017 prepared by the Real Estate Appraisal Company on the list of CMB. Because of the qualifications of farm land due to the legal uncertainties stated below, Ömerli land hasn't been recognised under normal business operations of Milpa (project development, construction and sale etc.), and has been recognised as "investment properties" in accordance with TAS 40 ("Investment Properties"), in the context of Paragraph 8/(b).

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

According to the İstanbul Environmental Recreation Plan, scale of 1/100.000 and dated 15 June 2009, a significant part of the land of which parcel no is 1154, is located partially within the borders of "Habitat Park Area", "Military Land and Military Security Area", and "Forest Area". The report on the Basin Location Information of the Istanbul Water Supply and Sanitation Administrative General Directory dated as 30 November 2016 states that 2,586 m2 of parcel no 1154 and 142,012 m2 of parcel no 1155 are parts of the Forest Area. The related parcels are located in both the medium range (1000 m. - 2000 m.) protected area and the long range (2000 m. - 5000 m.) protected area of Ömerli Reservoir Basin.

144.266 m2 of the land parcel no: 1155 has been removed from the forest area with the court decision in 2005 year. To this The Forestry Directorate appealed the decision at the 20th Chamber of the High Court and the objection was accepted on 24 June 2008 and these decisions (removal from forest area) are sent to the Pendik First Civil Court for re-evaluation. The Court has reiterated its initial decision being right on 8 October 2009 in terms of content. The General Directorate of Forestry appealed the Court's decision again and the related file was re-sent to the Supreme Court of law No: 20. The related office has resent the file to Pendik First Civil Court by disrupting the court decision The Court for which the lawsuit is held, has been divided into two and the lawsuit has been heard at 29. Civil Court. The aforementioned court has decided to cancel the land register of the aforementioned 144.266 m2 and parcel No: 1155 of land belonging to Milpa and registered the land as forest title in the name of the treasury at 23 December 2014. In accordance with the decision for parcel No 1155 being registered as forestry land, it has been excluded from the financial statements as at 31 December 2014. Following the notification of the decision no 2013/320 at 9 January 2015, appeal to a superior court on 13 February 2015 has been made, lawsuit process is still ongoing.

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

(d) Other (continued)

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area and Milpa appealed to this plan within the legal deadline. As of the date of the preparation of these financial statements, no response was received regarding the change in land development plan and the appeal to this change regarding the land in Pendik, Kurtdoğmuş Village. It is also known that there have been objections to the relevant construction plan from third parties as well. After the appeals to the development plan, no information has been received from the relevant authorities regarding the evaluations by Milpa. During the 8 years, no lower scale plans have been made and the zoning status of the land has not been identified yet. Planning and nationalization work is being performed regarding Kuzey Marmara Otoyolu Project near Ömerli land and based on the letter from General Directorate of Highways dated 5 December 2016, it has been stated that the relevant parcels were not subject to any expropriation and they are out of scope for expropriation. Because the planning process is conducted by multiple government agencies, only monitoring of the processes is performed. Based on the appeal from the real estate appraisal company, letter communicated from Istanbul Metropolitan Municipality dated 30 November 2016, development plan proposal and report of a part of Yenişehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including 1154 and 1155 parcels and Ballıca, Emirli, Kurna and Kurtdoğmuş neighborhoods were referred to Istanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations.

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

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

Based on the information given above, as stated in the environmental regulation plan of Ömerli land with a scale of 1/100.000 as of 17 July 2009, although the related land has been specified as "habitat" and "daily recreation" area; the fact that the parcels have a highly inclined and rugged topography, that the region is outside the central settlement areas because of the scarcity of these type of lands in this size and position in the Asian side of Istanbul where quality projects can be developed, "the strengths" and "opportunities" like the demand increase in recent years for the area and the proximity of the land to the TEM highway, the process of construction of a master building plan with a scale of 1/5000 of the area where the land is located, Kuzey Marmara Otoyolu highway is clear and the opening of the Yavuz Sultan Selim Bridge (3rd bridge) which is the continuation of the highway considering Real Estate Appraisal Company's valuation report as of 20 January 2017 using precedent comparison relevant lands parcel no: 1154 valuated a total of TL 219.864 (excluding VAT). On the other hand, this amount is the evaluation for the whole of the land Parcel No 1154. The share of Milpa in the Parcel No 1154 is 1.720.521 m2 and 82,17 % and the amount is TL 180.655 as of 31 March 2017. (As of 31 December 2016, the share of the Company is 1.577.435 m2 and 75,33% percent and the share amount of Milpa is TL 165.631) As mentioned above, lawsuit decision regarding the tentative decision on the Forest Land no: 1155, no appreciation in value for the parcel has been claimed. For Ömerli Land, security expenses amounting to TL 98 has been recognised under operational expenses (31 March 2016: TL 5). Additionally, no rental income has been recognised from the related property (31 March: None).

143.068 m² part that corresponds to 164/2400 share of parcel no: 1154 of Ömerli Land has been purchased from the landowners for a cash consideration of a total of USD 7.154 (TL 23.609) (2016: None) excluding VAT in accordance with the "assignment agreement" made in exchange for the waiving from all legal claims against Milpa and all rights arising from the building construction shared floor/revenue in return arrangement form land share for the period ending on 31 March 2017.

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

NOTE 18 - COMMITMENTS

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

	31 March 2017					31 December 2016				
	TL Equivalent	TL	USD	EUR	Other	TL Equivalent	TL	USD	EUR	Other
A. CPM's given in the name of its own legal personality										
Collaterals [1]	1.356.538	489.186	47.754	177.467	-	1.552.942	619.113	82.413	173.536	-
Pledge [4]	-	-	-	-	-	-	-	-	-	-
Mortgage [2] [5]	25.404	-	-	6.500	-	24.114	-	-	6.500	-
B. CPM's given on behalf of the fully consolidated companies										
Collaterals [1] [3]	192.162	36.295	40.982	331	85.000	35.022	1.377	8.176	-	85.000
Pledge [4]	-	-	-	-	-	-	-	-	-	-
Mortgage [5]	364.185	521	99.946	-	-	357.056	1.598	99.949	1.002	-
C. CPM's given on behalf of 3rd parties for ordinary course of business	97.803	97.412	-	100	-	-	-	-	-	-
D. Total amount of other CPM's given										
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total	**2.036.092**					**1.969.134**				

(1) The collaterals of the Group consist of letter of guarantees, guarantee notes, bails and mortgages and the details are explained below.
(2) There is a mortgage amounting to TL 25.404 over the tangible fixed assets of Group's subsidiary Hürriyet as of 31 March 2017 (31 December 2016: TL 24.114).
(3) Doğan Holding has bail amounting to USD 35.556 given to credit institutions within the scope of financing Aslancık Elektrik's hydroelectric power plant construction (31 December 2016: USD 35.556). Doğan Holding gave bail amounting to USD 64.390 for Boyabat Elektrik's long term project financing bank loan (31 December 2016: USD 64.390).
(4) 33,33% shares of Aslancık Elektrik (55.000.000 (exact) shares), 33% shares of Boyabat (9.372.000 (exact) shares) and 100% shares of D-Tes (444.000.000 (exact) shares) were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.
(5) Bails of the Group has been presented in mortgages in the above table.

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

NOTE 18 - COMMITMENTS (Continued)

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

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

	31 March 2017		31 December 2016	
	Original currency	**TL equivalent**	**Original currency**	**TL equivalent**
Letters of guarantees - Euro	177.898	695.279	173.536	643.801
Letters of guarantees - TL	586.598	586.598	619.113	619.113
Letters of guarantees - USD	47.754	173.758	82.413	290.028
Letters of guarantees - Other	85.000	5.456	85.000	4.872
Guarantee notes - USD	40.982	149.117	8.176	28.773
Guarantee notes - TL	36.295	36.295	1.377	1.377
Total		**1.646.503**		**1.587.964**

(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 2017 and 31 December 2016 are as follows:

	31 March 2017		31 December 2016	
	Original currency	**TL equivalent**	**Original currency**	**TL equivalent**
Bails - USD	99.946	363.664	99.949	351.741
Bails- Euro	-	-	1.002	3.717
Bails - TL	521	521	1.598	1.598
Bails - Other	-	-	-	-
Mortgages - Euro	6.500	25.404	6.500	24.114
Total		**389.589**		**381.170**

(c) Barter agreements

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

The Group has made barter agreements which is a common practice in the media sector. These agreements involve the exchange of goods and services without any cash consideration paid or collected. As of 31 March 2017, the Group has unused advertising commitments amounting to TL 7.081 (31 December 2016: TL 8.383) within the scope of these agreements.

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

NOTE 19 - OTHER ASSETS AND LIABILITIES

Other current assets	31 March 2017	31 March 2016
Value added tax ("VAT") receivables	32.707	27.043
Programme stocks	23.305	20.354
Prepaid tax and funds	7.302	6.675
Personnel advances	5.605	7.674
Job advances	3.362	2.325
Other	1.976	1.766
	74.257	**65.837**
Provision for impairment on programme stocks (-)	(6.496)	(6.496)
Provision for other doubtful receivables (-)	(421)	(421)
	67.340	**58.920**

Other non-current assets	31 March 2017	31 December 2016
Value added tax ("VAT") receivables	119.066	119.584
Other	537	-
	119.603	**119.584**

NOTE 20- PREPAID EXPENSES AND DEFERRED INCOME

The details of prepaid expenses and deferred income for the periods ending as of 31 March 2017 and 31 December 2016 are as follows:

Short term prepaid expenses	31 March 2017	31 December 2016
Advances given (1)	115.001	33.390
Prepaid expenses (2)	52.355	48.193
	167.356	**81.583**

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

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

NOTE 20- PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	31 March 2017	31 December 2016
Advances given and prepayments (3) (4) (5) (6)	31.053	37.471
Prepaid expenses for future years	4.077	14.152
	35.130	**51.623**

(3) Long-term advances given amounting to TL 18.434 (31 December 2016: TL 18.761) consist of prepayments made by Doğan TV Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games are refunded to Doğan TV Holding in the case of cancellation of games.

(4) Advances given and prepayments amounting to TL 10.018 (31 December 2016: 10.516) comprise of advances given to dealers, by Aytemiz, one of the subsidiaries of Doğan Holding.

(5) As of 31 December 2016, TL 3.871 of the advances given and prepayments comprise of the advance given offsetted from revenue shares that will be paid to the related landowner who has transferred his shares regarding the real estate project that has been planned in the Ömerli land of Milpa, a subsidiary of the Group. Milpa has the commitment to pay 25% of the revenues of the project which is planned to develop, related to the houses and offices that will be committed and set-off to the landowners revenue-sharing or flat received from contractor for landownership by the proportion of their shares (31 March 2017: None).

(6) TL 2.601 of advances given consists of Group's other subsidiaries (31 December 2016: TL 4.323).

Short-term deferred income	31 March 2017	31 December 2016
Deferred income (1)	43.154	40.309
Advances received	16.541	15.934
	59.695	**56.243**

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

Long-term deferred income	31 March 2017	31 December 2016
Deferred income (1)	4.635	7.457
	4.635	**7.457**

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

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

NOTE 21 - DERIVATIVE INSTRUMENTS

Currency derivative transactions

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

	31 March 2017		31 December 2016	
	Asset	**Liability**	**Asset**	**Liability**
Currency derivative transactions	-	(3.632)	551	-
Total	**-**	**(3.632)**	**551**	**-**

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

(a) Payables regarding benefits provided to employees

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

	31 March 2017	31 December 2016
Payables to personnel	21.646	18.026
Social security payables	15.352	18.770
Provision for personnel premium	1.542	-
	38.540	**36.796**

(b) Short term provision regarding employment benefits

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

	31 March 2017	31 December 2016
Provision for unused vacation	47.098	51.263
	47.098	**51.263**

(c) Long term provision regarding employment benefits

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

	31 March 2017	31 December 2016
Provision for employment termination benefits	120.044	119.120
	120.044	**119.120**

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

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

(c) Long term provision regarding employment benefits (Continued)

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

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 March 2017, the maximum amount payable equals to one month of salary is TL 4.426,16 (exact) (31 December 2016: TL 4.297,21 (exact)) for each year of service.

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

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

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

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

Discount rate applied as 11,20% (1) (31 December 2016: 11,20%), inflation rate applied as 6,50% (2) (31 December 2016: 6,50%) and increase in wages applied as 6,50% (31 December 2016: 6,50%) in the calculation.

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

(1) Discount rate used for calculating the severance payment liability is determined as the 8 years of Government Bond compound interest of 11,20%.

(2) The upper band inflation rate of Central Bank of the Republic of Turkey has been used in calculating the liability for severance payment.

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

	2017	2016
1 January	119.120	109.481
Current period service cost and net interest expense from continued operations	5.219	4.430
Reversal of provision for employee termination benefit	(3.665)	-
Payments during the period from continued operations	(630)	(3.040)
31 March	**120.044**	**110.871**

Total costs other than actuarial loss related to severance pay are included in the consolidated statement of profit or loss table as of 31 March 2017. There are no actuarial gains / losses for the period ended as of 31 March 2017 (31 March 2016: None).

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

NOTE 23 - EQUITY

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

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

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

There are no privileged shares of Doğan Holding.

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

Shareholder	Share (%)	31 March 2017	Share (%)	31 December 2016
Adilbey Holding A.Ş.	49,32	1.290.679	49,32	1.290.679
Doğan Family	14,41	377.126	14,41	377.126
Publicly traded on Borsa İstanbul [(1)]	36,27	949.133	36,27	949.133
Issued capital	**100,00**	**2.616.938**	**100,00**	**2.616.938**
Adjustment to issued capital		143.526		143.526
Repurchased shares (-)		(2.080)		(2.080)
Total		**2.758.384**		**2.758.384**

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

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

Repurchased shares

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

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

(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)

Share premiums (Discounts)

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

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

Restricted Reserves

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

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

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

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

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

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

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

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

ii. Actuarial gains (losses) in defined benefit plans

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

NOTE 23 - EQUITY (Continued)

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

i. Revaluation and reclassification gains(losses)

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

ii. Gain (losses) from cash flow hedges

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

Capital reserves and retained earnings

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

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

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

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

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

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

Dividend Distribution

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

On the other hand,

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

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

NOTE 23 - EQUITY (Continued)

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

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

- Under the legislation of "Communique on Financial Reporting in Capital Markets" (II-14.1) of CMB , according to the audited consolidated financial statements for the period 1 January-31 December 2016 that are prepared in accordance with the Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting and Auditing Standards Board for which the presentation principles have been determined as per the relevant resolutions of the CMB; when "Deferred Tax Income", "Tax Expense for the Period" and "Non-controlling Interests" are taken into consideration together, "Net Loss for the Period" amounting to Turkish Lira 219.223 has been observed, and after "Accumulated Losses" amounting to Turkish Lira 343.605 which has been calculated based on the Dividend Guide announced at 27 January 2014 and numbered 2014/2 in CMB Weekly Announcement and "Donation" amounting to Turkish Lira 1.814 in 2016 have been added to this amount, Turkish Lira 566.327 of "Net Loss for the Period" has been calculated and no dividend distribution has been made for the period 1 January - 31 December 2016 within the CMB regulations on profit distribution.

- In the financial records for the period 1 January 2016-31 December 2016 under the tax legislation and held by the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, "Net Profit for the Period" amounting to Turkish Lira 118.389.242,76 ("exact") has been observed; that a "Tax Expense for the Period" of Turkish Lira 12.133.562,89 ("exact") has been reserved, and out of the remaining Turkish Lira 106.255.679,87 ("exact"), "General Legal Reserve Funds" of Turkish Lira 5.312.783,99 ("exact") has been reserved as per paragraph (1) of Article 519 of TCC, "Legal Reserves" of Turkish Lira 2.080.000 ("exact") has been reserved as per paragraph (1) of Article 520 of TCC and "Venture Capital Fund" of Turkish Lira 6.700.000 ("exact")has been reserved as per paragraph (a) of Article 325of the Tax Procedure Law No. 213, the remaining part of Turkish Lira 92.162.895,88 ("exact) will be transferred to the account of "Extraordinary Reserves",

- In the financial records prepared in accordance with the Tax Legislation, and the Uniform Accounting Plan published by the Republic of Turkey Ministry of Finance, the "Retained Earnings" of Turkish Lira 21.220.330,99 ("exact") accounted under "Special Funds" during the past terms as per the Tax Legislation, classified under "Extraordinary Reserves" as the 5-year period specified in accordance with the Tax Legislation has been completed. Turkish Lira 4.574.267,02 ("exact") portion of the mentioned amount has been transferred to "Retained Earnings" from the "Restricted Reserves" in prior periods.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution. As of the statement of financial position date, the Company's gross amount of resources that may be subject to the profit distribution based on the statutory records, excluding share premiums / discounts, amounting to TL 3.765.372 (31 December 2016: TL 3.747.355).

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

NOTE 24- REVENUE AND COST OF SALES

	1 January- 31 March 2017	1 January- 31 March 2016
Domestic sales	2.067.515	1.687.259
Foreign sales	81.449	55.199
Sales return and discounts (-)	(134.290)	(154.277)
Net sales	**2.014.674**	**1.588.181**
Cost of sales (-)	(1.731.637)	(1.287.799)
Gross profit	**283.037**	**300.382**

The details of income from operating activities for the interim periods ended 31 March 2017 and 2016 are disclosed in Note 5 - Segment Reporting.

Sales details of publishing industrial segment are presented below:

	1 January- 31 March 2017	1 January- 31 March 2016
Advertisement income	105.146	111.179
Circulation and printing income	69.860	66.057
Other	70.500	93.607
Total	**245.506**	**270.843**

Sales details of broadcasting industrial segment are presented below:

	1 January- 31 March 2017	1 January- 31 March 2016
Advertisement income	134.094	129.304
Subscription income	96.221	102.362
Other	34.492	35.749
Total	**264.807**	**267.415**

Sales details of retail industrial segment are presented below:

	1 January- 31 March 2017	1 January- 31 March 2016
Retail income	184.585	162.898
Total	**184.585**	**162.898**

Sales details of energy industrial segment are presented below:

	1 January- 31 March 2017	1 January- 31 March 2016
Fuel oil & LPG sales income	950.290	608.736
Energy sales income	222.553	180.047
Total	**1.172.843**	**788.783**

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

NOTE 24- REVENUE AND COST OF SALES (Continued)

Sales details of other industrial segment are presented below:

	1 January- 31 March 2017	1 January- 31 March 2016
Industrial income	65.791	49.746
Vehicle sales income	34.468	14.425
Tourism income	11.932	7.368
Other [(1)]	34.742	26.703
Total	**146.933**	**98.242**

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

The distribution of the cost of sales for the interim periods ended 31 March 2017 and 2016 is disclosed in Note 5 - "Segment Reporting".

	1 January- 31 March 2017	1 January- 31 March 2016
Energy [(1)]	(1.093.593)	(727.504)
Broadcasting	(232.713)	(200.774)
Publishing	(179.316)	(183.335)
Retail	(113.099)	(97.060)
Other	(112.916)	(79.126)
Total	**(1.731.637)**	**(1.287.799)**

(1) The increase is related to the increase in number of operating stations of Aytemiz Akaryakıt.

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

	1 January- 31 March 2017	1 January- 31 March 2016
Cost of trade goods sold	(71.486)	(77.576)
Personnel and news production expenses	(40.689)	(39.483)
Paper costs	(31.799)	(32.441)
Internet advertising service cost	(14.657)	(5.803)
Printing, production and other raw material costs	(12.858)	(16.893)
Amortization and depreciation expenses (Note 14,15)	(5.327)	(7.415)
Commissions	(2.147)	(1.115)
Other	(353)	(2.609)
Total	**(179.316)**	**(183.335)**

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

NOTE 24- REVENUE AND COST OF SALES (Continued)

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

	1 January- 31 March 2017	**1 January- 31 March 2016**
Television programme production costs	(92.843)	(74.634)
Amortization expenses of television programme rights (Note 15)	(29.471)	(24.902)
ADSL port costs	(28.815)	(28.171)
Personnel expenses	(25.376)	(20.833)
Satellite usage expenses	(9.380)	(9.548)
Amortization and depreciation expenses (Note 14,15)	(9.128)	(9.797)
Call center expenses	(8.968)	(9.485)
Cost of trading goods sold	(5.661)	(6.748)
RTSC share in advertisement	(1.909)	(3.932)
Other	(21.162)	(12.724)
Total	**(232.713)**	**(200.774)**

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

	1 January- 31 March 2017	**1 January- 31 March 2016**
Cost of trade goods sold	(113.099)	(97.060)
Total	**(113.099)**	**(97.060)**

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

	1 January- 31 March 2017	**1 January- 31 March 2016**
Fuel oil and LPG sales expenses	(883.382)	(572.519)
Electricity expenses	(193.388)	(144.509)
Amortization expenses (Note 14,15)	(6.044)	(3.519)
Personnel expenses	(448)	(694)
Other	(10.331)	(6.263)
Total	**(1.093.593)**	**(727.504)**

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

	1 January- 31 March 2017	**1 January- 31 March 2016**
Cost of trading goods	(45.647)	(22.499)
Raw material cost	(35.402)	(28.668)
Telecommunication service expenses	(10.966)	(4.989)
Labour and personnel expenses	(8.324)	(9.619)
Amortization and depreciation expenses (Note 14,15)	(7.595)	(4.920)
General production expenses	(4.982)	(8.431)
Total	**(112.916)**	**(79.126)**

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

NOTE 25 - MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 March 2017	1 January- 31 March 2016
General administrative expenses	(93.664)	(78.549)
Marketing sales and distrubution expenses	(176.013)	(172.871)
Operating expenses	**(269.677)**	**(251.420)**

Marketing expenses:	1 January- 31 March 2017	1 January- 31 March 2016
Personnel expenses	(48.599)	(45.088)
Rent expenses	(25.505)	(24.193)
Advertisement expenses	(24.004)	(21.794)
Transportation, storage and travel expenses	(24.628)	(27.505)
Amortization expenses of dealer agreements (Note 15)	(11.840)	(9.899)
Amortization and depreciation expenses (Note 14,15)	(11.738)	(13.447)
Outsourced service expenses	(6.166)	(3.405)
Consulting expenses	(5.746)	(3.903)
Electricity distribution expenses	(4.895)	(8.054)
Dealer commission expenses	(1.139)	(692)
Promotion expenses	(1.018)	(4.808)
Communication expenses	(532)	(499)
Other	(10.203)	(9.584)
Total	**(176.013)**	**(172.871)**

General administrative expenses:

	1 January- 31 March 2017	1 January- 31 March 2016
Personnel expenses	(52.443)	(41.371)
Consulting expenses	(9.210)	(7.601)
Amortization and depreciation expenses (Note 14,15)	(8.818)	(12.246)
Rent expenses	(6.268)	(5.287)
Outsourced service expenses	(5.203)	(4.105)
Miscellaneous taxes	(3.072)	(1.737)
Transportation, storage and travel expenses	(2.775)	(1.848)
Other	(5.875)	(4.354)
Total	**(93.664)**	**(78.549)**

NOTE 26 - EXPENSES BY NATURE

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

(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 2017	1 January- 31 March 2016
Other income from operating activities:		
Foreign exchange gains	94.851	39.955
Reversed provisions	17.779	8.123
Finance income due to sales with maturity	16.311	12.357
Interest income on bank deposit	14.578	12.417
Gain on sale of property, plant and equipment	5.014	-
Usage of VAT discount	2.127	1.021
Other operating income	10.803	14.574
Total	**161.463**	**88.447**

	1 January- 31 March 2017	1 January- 31 March 2016
Other expenses from operating activities		
Foreign exchange losses	(44.947)	(51.771)
Provision for doubtful receivables (Note 9)	(23.585)	(12.474)
Impairment on fair value of investment properties (Note 13)	(11.765)	-
Provision for lawsuits (Note 17)	(7.769)	(6.084)
Expense due to purchases with maturity	(6.745)	(9.926)
Other penalties and compensations paid	(840)	(1.346)
Provision for impairment on inventory (Note 11)	(253)	(1.080)
Other operating expenses	(9.790)	(12.376)
	(105.694)	**(95.057)**

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January- 31 March 2017	1 January- 31 March 2016
Rent and building service income	4.934	1.319
Interest income of marketable securities	2.785	2.782
Gain on sale of property, plant and equipment and intangible assets	1.933	1.669
Foreign exchange income	1.884	354
Profit on sale of investment property	1.103	-
	12.639	**6.124**

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

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)

Expenses from investing activities	**1 January-31 March 2017**	**1 January-31 March 2016**
Foreign exchange loss related to share purchase commitment	(27.799)	(5.552)
Interest expense related to share purchase commitment	(6.847)	(3.192)
Loss on derecognition and sale of investment properties, property, plant and equipment	(868)	(2.616)
Loss on sale of marketable securities	(60)	(91)
Impairment of investment properties (Note 13)	(844)	(3.299)
	(36.418)	**(14.750)**

NOTE 29 - FINANCE INCOME AND EXPENSES

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

Finacial income	**1 January-31 March 2017**	**1 January-31 March 2016**
Foreign exchange gain	1.460	7.353
Derivative income	-	1.122
Other financial income	309	-
	1.769	**8.475**

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

Financial expenses	**1 January-31 March 2017**	**1 January-31 March 2016**
Interest expense on bank borrowings	(58.170)	(41.115)
Foreign exchange loss	(61.919)	(25.032)
Derivative expenses	(4.183)	-
Bank commission expenses	(2.853)	(4.019)
Other	(1.181)	(114)
	(128.306)	**(70.280)**

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

There is no significant disposal of subsidiary for the interim period ended 31 March 2017 (31 December 2016: None).

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

NOTE 31 - INCOME TAXES

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

Corporate Tax

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

	31 March 2017	**31 December 2016**
Provision for current income tax	7.851	48.968
Prepaid corporate taxes	(2.884)	(35.542)
Taxes payable for the period	**4.967**	**13.426**

	31 March 2017	**31 December 2016**
Corporate and income taxes payable	4.967	13.426
Deferred tax liabilities, net	100.274	95.207
Total taxes	**105.241**	**108.633**

Turkey

The Corporate Tax Law has been amended as of 13 June 2006 by Law No: 5520. The majority of the clauses of Law No: 5520 are effective as of 1 January 2006. Corporate tax rate for the fiscal year 2017 is 20% (2016: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (investment allowance, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution. Dividends paid to non-resident companies having representative offices in Turkey and resident companies are not subject to withholding tax. Dividends paid to companies except for those companies are subject to 15% of withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

Tax Law No: 5024 "Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 requires income tax and corporate taxpayers whose earnings are determined based on the statement of financial position to prepare their statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira effective from 1 January 2004. The merger bonuses which occurred as a result of the mergers in POAŞ and Doğan Gazetecilik, were classified as an equalizing account, which is neither an asset nor a liability, by the Group, in its financial statements and applied an inflation adjustment for the calculation of the corporate tax in 2004, due to the related legal provisions and Tax Procedural Law, titled "Inflation Adjustment Application" with number 17 and dated 24 March 2005.

NOTE 31 - INCOME TAXES (Continued)

Turkey (Continued)

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

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

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

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

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

Exemption for participation in subsidiaries

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

Issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

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

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

NOTE 31 - INCOME TAXES (Continued)

Russian Federation

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

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

According to the Russian Federation's tax legislation, financial losses can be carried forward indefinitely to be deducted from future taxable income. 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 2017 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

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

Belarus

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

NOTE 31 - INCOME TAXES (Continued)

Kazakhstan

Corporate tax rate applicable in Kazakhstan is 20% (31 December 2016: 20%). The taxable income according to Kazakhstan tax laws is defined as the difference between the annual gross income and the deductible expenses stated in the tax laws, considering the amendments made. Annual gross income is defined as income from domestic or foreign sources that are received or accrued by a taxpayer in the tax period. These income can be classified as monetary or non-monetary.

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

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

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

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

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

Deferred tax

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

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

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

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

NOTE 31 - INCOME TAXES (Continued)

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

	Cumulative temporary differences		**Deferred tax assets / (liabilities)**	
	31 March 2017	**31 December 2016**	**31 March 2017**	**31 December 2016**
Deductible tax losses	97.204	99.266	19.441	19.853
Provision for employment termination and unused vacation benefits	167.142	170.383	33.428	34.076
Provision for doubtful receivables	136.040	128.949	27.208	25.790
Deferred financial income of trade receivables	19.702	17.093	3.940	3.419
Other	100.931	73.444	20.856	14.355
Deferred tax assets			**104.873**	**97.493**
Net differences between the tax base and carrying value of property, plant and equipment, inventories and intangible assets	(975.492)	(785.907)	(182.984)	(166.757)
Net differences between fair and tax values of investment properties	(218.123)	(253.110)	(10.906)	(13.259)
Other	(52.576)	(62.901)	(11.257)	(12.684)
Deferred tax liabilities			**(205.147)**	**(192.700)**
Deferred tax liabilities, net			**(100.274)**	**(95.207)**

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

The Group recognised deferred tax assets over TL 97.204 of carry forward tax losses in the consolidated financial statements prepared in accordance with TAS as of 31 March 2017 (31 December 2016: TL 99.266). As of 31 March 2017 and 31 December 2016, the maturity analysis of carry forward tax losses is as follows:

	31 March 2017	**31 December 2016**
2017	-	-
2018	-	-
2019 and after	(97.204)	(99.266)
	(97.204)	**(99.266)**

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

NOTE 31 - INCOME TAXES (Continued)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 March 2017, the Group does not recognise deferred tax asset from carry forward tax losses amounting to TL 1.376.396 (31 December 2016: TL 1.353.465).

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

	2017	**2016**
1 January	(95.207)	(46.279)
Current period income (expense)	107	(4.952)
Currency translation differences	(5.174)	(941)
Tax recognized under equity	-	30
31 March	**(100.274)**	**(52.142)**

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

	1 January- 31 March 2017	**1 January- 31 March 2016**
Current period tax expense	(7.851)	(3.010)
Deferred tax income/(expense)	107	(4.952)
Total tax (expense)/ income	**(7.744)**	**(7.962)**

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

	2017	**2016**
Loss before income taxes from continued operations	(84.737)	(30.096)
Current period tax expense calculated at 20%	16.947	6.019
Effect of carryforward tax losses not subject to deferred tax asset	(3.136)	(2.181)
Effect of investments accounted for by the equity method	(710)	149
Effect of expenses non- deductible / not subject to tax	(5.912)	(5.404)
Tax effect of adjustments related to share purchase commitments	(6.929)	(2.409)
Financial losses and adjustments which deferred tax is not calculated	(5.113)	(1.136)
Other	(2.891)	(3.000)
31 March	**(7.744)**	**(7.962)**

(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

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

	2017	2016
Net loss for the period attributable to equity holders of the Parent Company	(80.400)	(30.331)
Weighted average number of shares with face value of TL 1 each	2.613.738	2.616.938
Loss per share (exact)	**(0,031)**	**(0,012)**

NOTE 33 - RELATED PARTY DISCLOSURES

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

i) Balances of related parties:

Short term trade receivables from related parties:

	31 March 2017	31 December 2016
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") (1)	3.959	3.308
Hakimiyet Petrol (2)	3.513	2.718
Doğan Egmont (3)	1.566	974
Gümüştaş Madencilik ve Ticaret A.Ş. ("Gümüştaş Madencilik") (2)	1.339	45
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") (4)	1.011	20
Doğan Burda	603	450
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") (1)	362	381
Gas Plus Erbil	100	28
Diğer	736	599
Total	**13.189**	**8.523**

(1) Receivables related to advertisement sale of the Group.
(2) Receivables related to fuel-oil sales of the Group.
(3) Receivables related to books and magazines sale of the Group.
(4) Receivables related to car leasing services of the Group.

Other short term receivables from related parties:

	31 March 2017	31 December 2016
Boyabat Elektrik (1)	7.296	10.726
Total	**7.296**	**10.726**

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

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (continued):

Short term trade payables to related parties

	31 March 2017	31 December 2016
Doğan Egmont [1]	13.738	10.015
Doğan Burda [2]	13.192	12.933
Boyabat Elektrik [3]	1.805	1.336
Ortadoğu Otomotiv [4]	554	515
Dergi Pazarlama Planlama ve Ticaret A.Ş.	372	413
D Market	92	104
Diğer	154	87
Total	**29.907**	**25.403**

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

ii) Transactions with related parties:

Product and service purchases from related parties

	31 March 2017	31 March 2016
Boyabat Elektrik [1]	8.882	186
Doğan Egmont [2]	8.238	8.063
Doğan Burda [3]	6.618	7.912
Ortadoğu Otomotiv [4]	4.494	5.131
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	1.078	1.386
Adilbey Holding A.Ş.	223	1.001
Diğer	1.561	1.936
Total	**31.094**	**25.615**

[1] Comprises of the electricity purchases of the Group.
[2] Comprises of the books and magazine purchases of the Group.
[3] Comprises of the magazine purchases of the Group.
[4] Comprises of the rental service purchases of the Group.

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties (Continued):

Product and service sales to related parties:

	31 March 2017	31 March 2016
Hakimiyet Petrol [(1)]	4.838	4.440
Doğan Burda [(2)]	4.145	4.672
D-Market [(3)]	4.563	5.043
Doğan Egmont [(2)]	3.764	2.975
Ortadoğu Otomotiv [(4)]	2.433	2.461
Gümüştaş Madencilik [(1)]	1.690	259
D Elektronik	514	636
Boyabat Elektrik	417	960
Adilbey Holding A.Ş	186	944
Diğer	1.478	1.245
Total	**24.028**	**23.635**

(1) The balance consists of fuel-oil sales of the Group.
(2) The balance consists of raw material, printing and distribution services sales of the Group.
(3) The balance consists of product sales of the Group.
(4) The balance consists of electricity sales of the Group.

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

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

	31 March 2017	31 March 2016
Salaries and other short term benefits	4.135	3.066
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	**4.135**	**3.066**

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

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial Risk Management

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

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

a) Market Risk

a.1) Foreign currency risk

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

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

	31 March 2017	**31 December 2016**
Foreign currency assets	2.095.913	1.347.814
Foreign currency liabilities	(2.448.995)	(2.110.793)
Net foreign currency position	**(353.082)**	**(762.979)**

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

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

a.1) Foreign currency risk (Continued)

Sensitivity analysis for currency risk as of 31 March 2017 and 31 December 2016 and foreign currency denominated asset and liability balances are summarized below:

31 March 2017	**TL Equivalent**	**USD**	**EUR**	**Other**
1. Trade Receivables	182.982	19.045	20.088	35.175
2a. Monetary Financial Assets (Cash, banks included)	1.839.241	243.126	241.384	11.202
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	67.868	748	13.875	10.919
4. Current Assets (1+2+3)	**2.090.091**	**262.919**	**275.347**	**57.296**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	5.822	1.600	-	-
8. Non-Current Assets (5+6+7)	**5.822**	**1.600**	**-**	**-**
9. Total Assets (4+8)	**2.095.913**	**264.519**	**275.347**	**57.296**
10. Trade Payables	561.311	128.465	19.667	17.014
11. Financial Liabilities	623.201	42.019	113.712	25.890
12a. Other Monetary Liabilities	225.646	61.621	-	1.432
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**1.410.158**	**232.105**	**133.379**	**44.336**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.036.216	-	265.132	-
16a. Other Monetary Liabilities	2.621	-	668	10
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities(14+15+16)	**1.038.837**	**-**	**265.800**	**10**
18. Total Liabilities (13+17)	**2.448.995**	**232.105**	**399.179**	**44.344**
19. Net Asset / Liability Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	**-**	**-**	**-**	**-**
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(353.082)**	**32.414**	**(123.832)**	**12.950**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**(426.772)**	**30.066**	**(137.707)**	**2.031**

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

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

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

a.1) Foreign currency risk (continued)

As of 31 March 2017 and 31 December 2016, foreign currency denominated asset and liability balances were converted by the following exchange rates: TL 3,6386 = USD 1 and TL 3,9083 = EUR 1 (31 December 2016: TL 3,5192 = USD 1 and TL 3,7099 = EUR 1).

31 March 2017

	Income/Loss	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	11.794	(11.794)
2- Hedging amount of USD (-)		
3- USD net effect on (loss)/income (1+2)	**11.794**	**(11.794)**
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(48.397)	48.397
5- Hedging amount of EUR (-)		
6- EUR net effect on (loss)/income (4+5)	**(48.397)**	**48.397**
If the other currencies had changed by 10% against the TL		
7- Other net (liabilities)/assets	1.295	(1.295)
8- Hedging amount of other (-)	-	-
9- Other net effect on (loss)/income (7+8)	**1.295**	**(1.295)**
TOTAL (3+6+9)	**(35.308)**	**35.308**

(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 March 2016

	Income/Loss	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	30.018	(30.018)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	**30.018**	**(30.018)**
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(107.821)	107.821
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	**(107.821)**	**107.821**
If the other currencies had changed by 10% against the TL		
7- Other net (liabilities)/assets	1.506	(1.506)
8- Hedging amount of other (-)	-	-
9- Other net effect on (loss)/income (7+8)	**1.506**	**(1.506)**
TOTAL (3+6+9)	**(76.297)**	**76.297**

a.2) Interest rate risk

- Publishing/ Broadcasting

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities and by limited use of derivative instruments.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 March 2017 and 31 December 2016, the Group's borrowings at floating rates are predominantly denominated in USD and EUR.

- Other

Other operating segments are exposed to interest rate risk because of financial liabilities of these segments. Financial obligations in this segment are mainly composed of floating rate borrowings.

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

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

a.2) Interest rate risk (continued)

As of 31 March 2017, 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 990 (31 March 2016: TL 193) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

As of 31 March 2017, if interest rates on Euro denominated borrowings had been higher 100 basis points with all other variables held constant, loss before income taxes would have been TL 4.629 (31 March 2016: TL 1.289) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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

	31 March 2017	**31 December 2016**
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.231.213	1.226.385
- Financial investments (Note 7)	246.999	365.468
Financial liabilities (Note 8)	1.772.392	1.718.751
Financial instruments with floating rate		
Financial liabilities (Note 8)	561.975	570.469

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

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

a.2) Interest rate risk (continued)

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

	31 March 2017			31 December 2016		
	USD	**EUR**	**TL**	**USD**	**EUR**	**TL**
Assets						
Cash and cash equivalents	0,06-3,46	0,01-2,00	2,00-11,69	0,35-3,59	0,01-2,00	2,00-11,60
Financial investments	3,36	-	14,20	4,41	-	5,96
Liabilities						
Financial liabilities	3,30-4,91	0,75-4,67	3,00-15,00	3,5-4,58	0,75-4,7	3-14,20

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

31 March 2017	**Up to- 1 year**	**1 - 5 years**	**Over 5 years**	**Free of Interest**	**Total**
Assets					
Cash and cash equivalents (Note 6)	1.231.213	-	-	299.063	1.530.276
Financial investments (Note 7)	167.906	-	-	-	167.906
Total	**1.399.119**	**-**	**-**	**299.063**	**1.698.182**
Short and long term financial liabilities (Note 8) [1]	1.489.302	812.617	32.448	-	2.334.367
Other financial liabilities (Note 8)	-	554.475	-	-	554.475
Total	**1.489.302**	**1.367.092**	**32.448**	**-**	**2.888.842**

31 December 2016	**Up to- 1 year**	**1 - 5 years**	**Over 5 years**	**Free of Interest**	**Total**
Assets					
Cash and cash equivalents (Note 6)	1.226.385	-	-	285.778	1.512.163
Financial investments (Note 7)	288.752	-	-	-	288.752
Total	**1.515.137**	**-**	**-**	**285.778**	**1.800.915**
Short and long term financial liabilities (Note 8) [1]	1.393.837	871.427	23.956	-	2.289.220
Other financial liabilities (Note 8)	-	519.829	-	-	519.829
Total	**1.393.837**	**1.391.256**	**23.956**	**-**	**2.809.049**

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

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

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

c) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases and their dispersion across many different industries.

The table representing the Group's credit risk of financial instruments as of 31 March 2017 is as follows:

	Trade receivables		Other receivables		Cash on
	Related party	**Other**	**Related party**	**Other**	**deposit**
Maximum net credit risk as of the reporting date	**13.189**	**1.449.377**	**7.296**	**50.682**	**1.524.261**
- The part of maximum risk under guarantee with collateral	**-**	**327.730**	**-**	**-**	**-**
A. Net book value of neither past due nor impaired financial assets	13.189	1.126.105	7.296	50.682	1.524.261
- Guaranteed amount by collateral	-	253.983	-	-	-
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)	-	323.272	-	-	-
- Guaranteed amount by collateral (Note 9)	-	73.747	-	-	-
D. Impaired asset net book value	-	-	- -		-
- Past due (gross amount) (Note 9, 19)	-	290.416	-	421	-
- Impairment (-) (Note 9, 19)	-	(290.416)	-	(421)	-
- Net value collateralized or guaranteed part of net value	-	-	-	- -	
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

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

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

b) Credit risk (continued)

The table representing the Group's credit risk of financial instruments as of 31 December 2016 is as follows:

	Trade receivables		**Other receivables**		**Cash on**
	Related party	**Other**	**Related party**	**Other**	**deposit**
Maximum net credit risk as of the reporting date	**8.523**	**1.510.932**	**10.726**	**46.128**	**1.504.688**
- The part of maximum risk under guarantee with collateral	**-**	**370.084**	**-**	**-**	**-**
A. Net book value of neither past due nor impaired financial assets	8.523	1.289.916	10.726	46.128	1.504.688
- Guaranteed amount by collateral	-	321.183	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	221.016	-	-	-
- Guaranteed amount by collateral (Note 9)	-	48.901	-	-	-
D. Impaired asset net book value	-		-		-
- Past due (gross amount) (Note 9, 19)	-	273.204	-	421	-
- Impairment (-) (Note 9, 19)	-	(273.204)	-	(421)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

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

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

b) Credit risk (continued)

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

	31 March 2017		31 December 2016	
	Related Party	**Other Receivables**	**Related Party**	**Other Receivables**
Maturity				
1-30 days overdue	-	101.391	-	94.076
1-3 months overdue	-	99.009	-	52.125
3-12 months overdue	-	72.786	-	59.369
1-5 years overdue	-	50.086	-	15.446
Total		**323.272**	-	**221.016**
Guaranteed amount by collateral				
Publishing	-	22.284	-	13.748
Energy	-	35.282	-	22.388
Other	-	16.181	-	12.765
Total	**-**	**73.747**	**-**	**48.901**

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

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

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

c) Liquidity risk (Continued)

As of 31 March 2017 and 31 December 2016, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

31 March 2017	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term financial borrowing (Note 8)	2.334.367	2.559.533	842.268	811.108	871.450	34.707
Trade payables (Note 9)	983.006	1.008.742	680.339	328.403	-	-
Other financial liabilities (Note 8)	554.475	669.704	-	-	669.704	-
Other payables (Note 10)	342.322	364.169	134.528	109.332	120.309	-
Trade payables to related parties (Note 33)	29.907	29.907		29.907	-	-
Short-term provisions regarding employee benefits (Note 22)	167.142	167.142	-	47.098	120.044	-
Payables regarding employee benefits (Note 22)	38.540	38.540	-	38.540	-	-
Deferred income (Note 20)	64.330	64.330	59.695	-	4.635	-
Other short term provisions (Note 17)	39.373	39.373	-	39.373	-	-
Total	**4.553.462**	**4.941.440**	**1.716.830**	**1.403.761**	**1.786.142**	**34.707**

31 December 2016	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term financial borrowing (Note 8)	2.289.220	2.417.348	468.313	1.012.791	902.005	34.239
Trade payables (Note 9)	939.110	953.928	696.825	257.103	-	-
Other financial liabilities (Note 8)	519.829	636.046	-	-	496.309	139.737
Other payables (Note 10)	351.564	368.305	138.758	110.098	119.449	-
Trade payables to related parties (Note 33)	25.403	25.403	-	25.403	-	-
Short-term provisions regarding employee benefits (Note 22)	170.383	170.383	-	51.263	119.120	-
Payables regarding employee benefits (Note 22)	36.796	36.796	-	36.796	-	-
Deferred income (Note 20)	63.700	63.700	56.243	-	7.457	-
Other short term provisions (Note 17)	40.498	40.498	-	40.498	-	-
Total	**4.436.503**	**4.712.407**	**1.360.139**	**1.533.952**	**1.644.340**	**173.976**

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

d) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments are determined by the Group, using available market information and appropriate valuation methodologies for each segment of the Group. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used in the estimation of the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at the period end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

The carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values.

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the consolidated statement of financial position.

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

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

e) Capital risk management (continued)

The net liability/ total equity ratio as of 31 March 2017 and 31 December 2016 is summarized below:

	31 March 2017	31 December 2016
Total liability [1]	4.787.751	4.663.796
Less: Cash and cash equivalents (Note 6)	(1.530.276)	(1.512.163)
Net liability	**3.257.475**	**3.151.633**
Equity attributable to equity holders of the Parent Company	2.534.746	2.578.346
Total equity	**5.792.221**	**5.729.979**
Net liability / Total equity ratio	**%56**	**%55**

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

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

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

31 March 2017 **Financial assets**	**Note**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Instruments designated as hedges of financial risk**	**Fair value through profit or loss**	**Carrying value**
Cash and cash equivalents	6	1.530.276	-	-	-	-	1.530.276
Trade receivables from non-related parties	9	1.449.377	-	-	-	-	1.449.377
Trade receivables from related parties	33	13.189	-	-	-	-	13.189
Other receivables from non-related parties	10	50.682	-	-	-	-	50.682
Other receivables from related parties	33	7.296	-	-	-	-	7.296
Derivative instruments	21	-	-	-	-	-	-
Financial investments	7	-	102.625	-	-	-	102.625
<u>Financial liabilities</u>							
Financial borrowing	8	-	-	2.334.367	-	-	2.334.367
Trade payables to non-related parties	9	-	-	983.006	-	-	983.006
Trade payables to related parties	33	-	-	29.907	-	-	29.907
Other payables to non-related parties	10		-	342.322	-	-	342.322
Payables regarding employee benefits	22	-	-	38.540	-	-	38.540

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

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

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

31 December 2016 **Financial assets**	**Note**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Instruments designated as hedges of financial risk**	**Fair value through profit or loss**	**Carrying value**
Cash and cash equivalents	6	1.512.163	-	-	-	-	1.512.163
Trade receivables from non-related parties	9	1.510.932	-	-	-	-	1.510.932
Trade receivables from related parties	33	8.523	-	-	-	-	8.523
Other receivables from non-related parties	10	46.128	-	-	-	-	46.128
Other receivables from related parties	33	10.726	-	-	-	-	10.726
Derivative instruments	21	551	-	-	-	-	551
Financial investments	7	-	114.882	-	-	-	114.882
<u>**Financial liabilities**</u>							
Financial borrowing	8	-	-	2.289.220	-	-	2.289.220
Trade payables to non-related parties	9	-	-	939.110	-	-	939.110
Trade payables to related parties	33	-	-	25.403	-	-	25.403
Other payables to non-related parties	10	-	-	351.564	-	-	351.564
Payables regarding employee benefits	22	-	-	36.796	-	-	36.796

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

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

- First Level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- Second Level: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on prices from observable current market transactions.
- Third Level: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

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

		Fair value as of reporting date		
Financial assets	**31 March 2017**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Financial assets at FVTPL				
trading securities				
derivative instruments (Note 21)	-	-	-	-
Bonds and bills (Note 7)	102.625	102.625	-	-
Total	**102.625**	**102.625**	**-**	**-**
Financial liabilities				
Financial liabilities at FVTPL				
trading securities				
derivative instruments (Note 21)	3.632	-	-	3.632
Other financial liabilities	-	-	-	-
Total	**3.632**	**-**	**-**	**3.632**

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

NOTE 36 - SHARES IN OTHER OPERATIONS

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

	TME	**AYTEMİZ** (*)	**31 March 2017**
Current assets	6.604	658.950	665.554
Non-current assets	300.810	527.250	828.060
Current liabilities	45.433	527.600	573.033
Non-current liabilities	57.437	213.005	270.442
Total equity	204.544	445.595	650.139

			1 January- 31 March 2017
Revenue	6.599	1.059.848	1.066.447
Cost of sales	(4.524)	(997.360)	(1.001.884)
Gross profit	2.075	62.488	64.563
Loss for the period	(9.407)	(12.826)	(22.233)

(*) Consist of combined balances. Eliminations are excluded.

NOTE 37 - SUBSEQUENT EVENTS

Approval of Financial Statements

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

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