

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2018**

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

ASSETS	Notes	USD(*) Current Period 30 September 2018	Unaudited Current Period 30 September 2018	Audited Prior Period 31 December 2017
Current assets		1.613.554	9.665.511	4.892.249
Cash and cash equivalents	6	960.924	5.756.128	1.708.467
Financial investments	7	69.824	418.262	71.743
Trade receivables				
- Due from related parties	33	1.576	9.439	8.588
- Due from non-related parties	9	401.110	2.402.728	2.224.546
Other receivables				
- Due from related parties	33	-	-	9.750
- Due from non-related parties	10	3.332	19.959	28.770
Inventories	11	123.817	741.691	601.962
Prepaid expenses	20	24.301	145.565	117.180
Derivative instruments	21	11.167	66.893	83
Biological assets	12	4.009	24.016	-
Other current assets	19	13.494	80.830	121.160
Non-current assets		498.144	2.983.981	4.386.262
Trade receivables				
- Due from non-related parties	9	7.612	45.595	21.783
Other receivables				
- Due from non-related parties	10	172	1.028	19.554
Financial investments	7	32.375	193.932	125.137
Investments accounted for				
by the equity method	4	19.832	118.797	358.415
Investment properties	13	67.647	405.220	564.947
Property, plant and equipment	14	163.172	977.431	1.319.438
Intangible assets				
- Other intangible assets	15	117.766	705.440	947.596
- Goodwill	15	7.090	42.472	403.713
Prepaid expenses	20	16.349	97.931	39.340
Deferred tax asset	31	8.753	52.432	53.064
Other non-current assets	19	57.378	343.703	533.275
Total assets		2.111.698	12.649.492	9.278.511

The consolidated financial statements as of and for the interim period ended 30 September 2018 have been approved by the Board of Directors on 7 November 2018.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

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

LIABILITIES	Notes	USD(*) Current Period 30 September 2018	Unaudited Current Period 30 September 2018	Audited Prior Period 31 December 2017
Current liabilities		648.030	3.881.828	4.308.169
Short-term borrowings	8	357.553	2.141.813	1.558.223
Short-term portion of long-term borrowings	8	72.002	431.308	1.059.380
Trade payables				
- Due to related parties	33	32	194	26.143
- Due to non-related parties	9	167.807	1.005.198	1.278.158
Payables related to				
employee benefits	22	2.276	13.633	36.307
Deferred income	20	10.246	61.376	92.326
Derivative instruments	21	6.478	38.807	1.098
Other payables				
- Due to non-related parties	10	19.875	119.054	148.955
Current income tax liability	31	7.011	42.000	14.110
Short-term provisions				
- Short-term provisions for				
employment benefits	22	3.002	17.983	56.745
- Other short-term provisions	17	1.747	10.462	36.724
Non-current liabilities		183.970	1.102.018	1.970.276
Long-term borrowings	8	132.875	795.947	747.215
Investments accounted for				
by the equity method	4	32.365	193.875	310.342
Other financial liabilities	8	-	-	666.291
Other payables				
- Due to non-related parties	10	62	369	13.710
Deferred income	20	1.275	7.638	5.626
Long-term provisions				
- Long-term provisions for				
employment benefits	22	4.836	28.968	122.556
- Other long term provisions		108	648	-
Deferred tax liability	31	12.449	74.573	104.536
EQUITY		1.279.698	7.665.646	3.000.066
Equity attributable to equity holders of the parent company		1.220.176	7.309.101	2.608.363
Share capital	23	436.870	2.616.938	2.616.938
Adjustments to share capital	23	23.960	143.526	143.526
Repurchased shares (-)	23	(347)	(2.080)	(2.080)
Share premiums (discounts)	23	5.869	35.159	35.159
Other comprehensive income (losses) that will not be reclassified in profit or loss				
- Gain (loss) on revaluation of property, plant and equipment	23	-	-	34.820
- Actuarial gains (losses) on defined benefit plans	23	(1.096)	(6.566)	(41.613)
Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	4	(105)	(626)	(626)
Other comprehensive income (losses) that will be reclassified in profit or loss				
- Change in currency translation reserves	23	80.221	480.537	295.272
- Gain (loss) on revaluation and reclassification of financial assets for sale	23	4.502	26.966	32.196
- Gain (losses) from hedge reserve	23	-	-	(665)
Restricted reserves	23	41.220	246.914	312.427
Retained earnings or accumulated losses		(124.307)	(744.625)	(345.446)
Net profit or loss for the period		753.390	4.512.958	(471.545)
Non-controlling interests		59.521	356.545	391.703
Total liabilities		2.111.698	12.649.492	9.278.511

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

		<i>USD (*)</i> <i>Current Period</i> 1 January - Notes 30 September 2018	<i>Unaudited</i> <i>Current Period</i> 1 January - 30 September 2018	<i>Unaudited</i> <i>Current Period</i> 1 July - 30 September 2018	<i>Unaudited</i> <i>Prior Period</i> 1 January - 30 September 2017	<i>Unaudited</i> <i>Prior Period</i> 1 July - 30 September 2017
Profit or Loss						
Revenue	24	1.467.657	8.791.561	3.600.242	5.398.987	2.137.594
Cost of Sales (-)	24	(1.335.793)	(8.001.665)	(3.262.393)	(5.102.313)	(2.061.788)
Gross Profit	24	131.865	789.896	337.849	296.674	75.806
General Administrative Expenses (-)	25	(29.332)	(175.706)	(66.149)	(126.203)	(44.017)
Marketing Expenses (-)	25	(43.611)	(261.240)	(90.263)	(242.899)	(89.123)
Other Income From Operating Activities	27	311.145	1.863.822	1.423.114	219.716	68.143
Other Expenses From						
Operating Activities (-)	27	(44.997)	(269.543)	(177.374)	(133.715)	(57.017)
Share of Gain (Loss) on Investments						
Accounted for by the Equity Method	4	(39.764)	(238.192)	(72.813)	822	(7.007)
Operating Profit/(Loss)		285.305	1.709.037	1.354.364	14.395	(53.215)
Income from Investment Activities	28	656.343	3.931.628	8.576	32.735	19.551
Expenses from Investment Activities (-)	28	(83.479)	(500.055)	(24.357)	(93.180)	(37.028)
Operating Profit (Loss) Before						
Finance (Expense)/Income		858.170	5.140.610	1.338.583	(46.050)	(70.692)
Finance Income	29	11.315	67.782	52.582	5.933	791
Finance Expenses (-)	29	(106.801)	(639.762)	(384.135)	(168.584)	(64.806)
Profit (Loss) Before Taxation						
From Continued Operations		762.684	4.568.630	1.007.030	(208.701)	(134.707)
Tax (Expense)/Income From						
Continued Operations	31	(5.727)	(34.304)	(31.451)	(7.817)	(2.861)
Tax Income/(Expense) for the Period		(12.905)	(77.301)	(56.814)	(15.878)	(5.714)
Deferred Tax Income/ (Expense)		7.178	42.997	25.363	8.061	2.853
Profit/(Loss) For The Period From						
Continued Operations						
Profit/(Loss) For The Period From		756.957	4.534.326	975.579	(216.518)	(137.568)
Continued Operations						
Profit/(Loss) For The Period						
From Discontinued Operations						
Profit/(Loss) For The Period From		(11.908)	(71.333)	-	(50.827)	57.505
Discontinued Operations						
Profit/(Loss) For The Period		745.049	4.462.993	975.579	(267.345)	(80.063)
Allocation of Profit (Loss)						
For The Period						
Attributable to Non-Controlling Interests		(8.341)	(49.965)	(38.334)	(21.395)	(8.406)
Attributable to Equity Holders of the						
Parent Company		753.390	4.512.958	1.013.913	(245.950)	(71.657)
Gain/(Loss) Per Share Attributable						
to Equity						
Holders of the Parent Company	32	0,288	1,726	0,388	(0,094)	(0,027)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	USD (*) Current Period 1 January - 30 September 2018	Unaudited Current Period 1 January - 30 September 2018	Unaudited Current Period 1 July - 30 September 2018	Unaudited Prior Period 1 January - 30 September 2017	Unaudited Prior Period 1 July - 30 September 2017
Profit/(Loss) For The Period	745.049	4.462.993	975.579	(267.345)	(80.063)
OTHER COMPREHENSIVE INCOME					
That will not be reclassified as profit or loss					
Gains (losses) on revaluation of property plant and equipments	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-	-	-	-	-
Taxes related to other comprehensive income that will not be reclassified as profit or loss	-	-	-	-	-
- Tax effect of gains (losses) on revaluation of property plant and equipments	-	-	-	-	-
- Tax effect of actuarial gains (losses) on defined benefit plans	-	-	-	-	-
That will be reclassified as profit or loss					
Currency translation differences	30.920	185.214	148.398	36.907	18.340
Gain (losses) on revaluation and/or reclassification of financial assets available for sale	(810)	(4.851)	(8.661)	2.435	151
Other comprehensive income (loss) related with cash flow hedges	-	-	-	(305)	667
Taxes related to other comprehensive income that will be reclassified as profit or loss	48	286	2.051	(426)	(163)
- Tax effect of comprehensive income (loss) related with cash flow hedges	-	-	-	61	(133)
- Tax effect on revaluation and/or reclassification of financial assets available for sale	48	286	2.051	(487)	(30)
OTHER COMPREHENSIVE INCOME /(LOSS)	30.157	180.649	141.788	38.611	18.995
TOTAL COMPREHENSIVE INCOME /(LOSS)	775.207	4.643.642	1.117.367	(228.734)	(61.068)
Allocation of Total Comprehensive Income/(Loss)					
Attributable to Non-Controlling Interests	(8.350)	(50.016)	(39.749)	(19.188)	(7.303)
Attributable to Equity Holders of the Parent Company	783.556	4.693.658	1.157.116	(209.546)	(53.765)

(*) 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 TRY, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as of 30 September 2018.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Notes	Share Capital	Adjustments to share capital	Repurchased shares	Accumulated other comprehensive income or loss that will not be reclassified to profit or loss			Share premiums/(discounts)	Accumulated other comprehensive income or loss that will be reclassified to profit or loss			Retained earnings			Equity attributable to equity holders of the parent company	Non-controlling interests	Equity
					Gain/loss on revaluation of property plant and equipment	Actuarial gains/(losses) on defined benefit plans	Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method		Gain/(loss) on revaluation and/or reclassification of financial assets available for sale	Currency translation differences	Gain/(losses) from hedge reserves	Restricted reserves	Retained earnings/accumulated losses	Net profit/(loss) for the period			
Balances at 1 January 2018	23	2.616.938	143.526	(2.080)	34.820	(41.613)	(626)	35.159	32.196	295.272	(665)	312.427	(345.446)	(471.545)	2.608.363	391.703	3.000.066
Adjustments related to mandatory changes in accounting policies																	
- Effect on changing policy of TFRS 9, net		-	-	-	-	-	-	-	-	-	-	-	(765)	-	(765)	-	(765)
Transfers		-	-	-	-	-	-	-	-	-	-	(65.513)	(406.032)	471.545	-	-	-
Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	38.648	38.648
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(224)	(224)
Acquisition or disposal of subsidiary					(34.820)	35.047	-	-	-	-	-	-	(45)	-	182	(28.641)	(28.459)
- Effect of sale of subsidiary (Note 30)		-	-	-	(34.820)	35.047	-	-	-	-	-	-	(227)	-	-	(28.657)	(28.657)
- Transactions with subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Effects of ownership rate change of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	182	-	182	(182)	-
- Acquisition or disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	198	198
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	(3.340)	-	(3.340)	16.078	12.738
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	11.003	-	11.003	(11.003)	-
Total comprehensive income/(loss)		-	-	-	-	-	-	-	(5.230)	185.265	665	-	-	4.512.958	4.693.658	(50.016)	4.643.642
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	-	4.512.958	4.512.958	(49.965)	4.462.993
Other comprehensive income (loss)		-	-	-	-	-	-	-	(5.230)	185.265	665	-	-	-	180.700	(51)	180.649
- Currency translation differences		-	-	-	-	-	-	-	-	185.265	-	-	-	-	185.265	(51)	185.214
- Change in cash flow hedge reserve		-	-	-	-	-	-	-	-	-	665	-	-	-	665	-	665
- Change in financial asset revaluation fund		-	-	-	-	-	-	-	(5.230)	-	-	-	-	-	(5.230)	-	(5.230)
Balances at 30 September 2018	23	2.616.938	143.526	(2.080)	-	(6.566)	(626)	35.159	26.966	480.537	-	246.914	(744.625)	4.512.958	7.309.101	356.545	7.665.646

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, 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					
	Notes	Share Capital	Adjustments to share capital	Repurchased shares	Gain/loss on revaluation of property 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	Gain/(losses) from hedge reserves	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)	
Acquisition or disposal of a subsidiary		-	-	-	-	100	-	-	-	-	-	(100)	-	-	(27)	(27)	
-Effect of acquisition of subsidiaries (Note 3)		-	-	-	-	-	-	-	-	-	-	-	-	-	(27)	(27)	
-Effect of disposal of subsidiaries (Note 30)		-	-	-	-	100	-	-	-	-	-	(100)	-	-	-	-	
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-	200	200	
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	(1.504)	-	(1.504)	1.504	-	
Total comprehensive income/(loss)		-	-	-	-	-	-	1.948	34.645	(189)	-	-	(245.950)	(209.546)	(19.188)	(228.734)	
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	(245.950)	(245.950)	(21.395)	(267.345)	
Other comprehensive income (loss)		-	-	-	-	-	-	1.948	34.645	(189)	-	-	-	-	36.404	38.611	
- Currency translation differences		-	-	-	-	-	-	-	34.645	-	-	-	-	-	34.645	36.907	
- Change in cash flow hedge reserve		-	-	-	-	-	-	-	-	(189)	-	-	-	-	(189)	(244)	
- Change in financial asset revaluation fund		-	-	-	-	-	-	1.948	-	-	-	-	-	1.948	-	1.948	
Balances at 30 September 2017	23	2.616.938	143.526	(2.080)	48.007	(37.710)	35.159	17.550	256.606	(189)	312.427	(776.988)	(245.950)	2.367.296	421.061	2.788.357	

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Notes	Unaudited Current Period 1 January - 30 September 2018	Unaudited Prior Period 1 January - 30 September 2017
A. Net Cash From Operating Activities		(1.044.707)	(46.995)
Profit/(loss) for the period		4.462.993	(267.345)
Profit/(Loss) for the period from continued operations		4.534.326	(216.518)
Profit/(Loss) for the period from discontinued operations		(71.333)	(50.827)
Adjustments regarding reconciliation of net profit (loss) for the period		(4.001.305)	797.340
Adjustments related to depreciation and amortization	11,14,15	271.990	415.853
Adjustments related to provision (reversal) of impairment	28	302.376	103.668
Adjustments related to provisions			
- Adjustments related to provisions for (reversal of) employee benefits		6.405	16.440
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	17	3.596	4.732
- Adjustments related to other provisions (reversals)		1.947	24.954
Adjustments related to interest (income) and expenses			
- Adjustments related to interest income		(135.959)	(56.046)
- Adjustments related to interest expenses		222.535	194.229
- Deferred financial expense due to purchases with maturity		53.679	19.773
- Unearned financial income due from sales with maturity		(87.178)	(53.913)
Adjustments related to changes in unrealised foreign exchange differences		(970.041)	148.214
Adjustments related to fair value (gains) losses		(43.486)	15.062
Adjustments related to losses (gains) on disposal of non-current assets		(6.703)	(4.996)
Adjustments related to undistributed profits of investments accounted for by the equity method	4	238.192	(822)
Adjustments related to tax income (expense)	31	34.304	(10.751)
Adjustments related to losses (gains) on disposal of subsidiaries or joint operations	30	(3.892.962)	(800)
Adjustments related to losses (gains) on disposal of associates, joint ventures and financial investments or changes in their shares	28	-	(18.257)
Changes in working capital		(1.688.664)	(653.448)
Adjustments for (increase)/decrease in inventories		(403.784)	(90.542)
Adjustments for (increase)/decrease in trade receivables			
- (Increase)/decrease in trade receivables from related parties		(851)	(1.071)
- (Increase)/decrease in trade receivables from non-related parties		(747.617)	(555.109)
Increase (decrease) in payables due to employee benefits		(2.906)	(3.374)
Adjustments regarding decrease/(increase) in other receivables on operations			
- (Increase)/decrease in other receivables regarding operations with related parties		-	(745)
- (Increase)/decrease in other receivables regarding operations with non-related parties		11.919	(14.117)
Adjustments regarding increase (decrease) in trade payables			
- Increase/(decrease) in trade payables to related parties		696.446	3.030
- Increase/(decrease) in trade payables to non-related parties		(273.009)	186.415
Adjustments regarding increase (decrease) in other payables on operations			
- Increase/(decrease) in other payables regarding operations with non-related parties		54.727	(62.002)
Adjustments for other increase (decrease) in working capital			
- (Increase)/decrease in other assets regarding operations		(194.421)	(156.448)
- Increase/(decrease) in other liabilities regarding operations		(829.168)	40.515
Net Cash From Operating Activities		(1.226.976)	(123.453)
Employee termination benefits paid	22	(6.034)	(18.631)
Income tax refunds (payments)		(46.008)	(21.681)
Other provisions paid	17	-	(7.216)
Other cash inflow/(outflow)		-	11.179
Interest received		234.311	112.807

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Notes	Unaudited Current Period 1 January - 30 September 2018	Unaudited Prior Period 1 January - 30 September 2017
B. Net Cash From Investing Activities		3.413.115	(265.742)
Cash outflows regarding capital increase and / or share increase of associates and/or joint ventures		(5.346)	-
Cash inflows regarding capital decrease and / or share sales of associates and/or joint ventures	4	(358.844)	-
Cash inflows from sale of property, plant, equipment and intangible assets		77.822	75.857
Cash outflows from purchase of property, plant, equipment and intangible assets	14, 15	(416.021)	(574.575)
Cash outflows regarding acquisition of investment properties		(12.736)	(29.620)
Cash outflows regarding purchase of share and / or debt instruments of other entities or funds		(5.093)	220.753
Cash inflows regarding sale of the subsidiaries resulting in loss of control	30	4.100.976	2.486
Cash inflows regarding sale of the subsidiaries not resulting in loss of control		38.469	-
Cash outflows regarding to acquisition of subsidiaries to obtain control		(5.888)	-
Other cash inflows/(outflows)		(224)	39.357
C. Net Cash from Financing Activities		97.866	397.059
Proceeds from borrowings			
<i>Cash inflows from borrowings</i>		6.966.122	1.053.624
<i>Cash inflows from issued debt instruments</i>		-	67.270
Cash outflows on debt payments			
<i>Cash outflows due to payments of bank borrowings</i>		(6.305.377)	(576.234)
Interest paid		(215.648)	(147.601)
Other cash inflows/(outflows)	7	(347.231)	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		2.466.274	84.322
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS		1.570.213	35.108
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		4.036.487	119.430
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	1.707.826	1.508.877
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	5.744.313	1.628.307

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”, “Holding” or the “Group”) was established on 22 September 1980 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”), 36,03% shares of Doğan Holding are to be considered in circulation as of 30 September 2018 (31 December 2017: 35,95%). As of 6 November 2018, circulation rate of shares are 35,93%.

The address of Holding’s is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34676 İstanbul

As of 30 September 2018, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 2.938 (domestic 2.662) (31 December 2017: 8.247; domestic 7.715). Holding has 44 employees (31 December 2017: 118 employees).

The Board of Directors of the Group have signed the Share Sales Agreement for the sales and transfer of its shares in the capitals of its direct or indirect subsidiaries, which operate in publishing, broadcasting and retail segment and the details of which are explained in Note 30, and to authorize the management for this purpose. The details on such transactions for the sales and transfer of shares are presented in Note 2.1.3.

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

Fuel Distribution

Subsidiaries	Nature of business	Country
Aytemiz Akaryakıt Dağıtım A.Ş. (“Aytemiz Akaryakıt”)	Energy	Turkey
Aytemiz Petrolcülük Ticaret Limited Şirketi (“Aytemiz Petrolcülük”)	Energy	Turkey
İstasyon Petrol Ticaret Limited Şirketi (“İstasyon Petrolcülük”)	Energy	Turkey
D&A Energy B.V. (“D&A Energy”) ⁽¹⁾	Energy	Holland
Joint Ventures	Nature of business	Country
Gas Plus Erbil Ltd. (“Gas Plus Erbil”)	Energy	Jersey

⁽¹⁾ The establishment of related subsidiary was realized on 18 May 2018.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Electricity Production and Distribution

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
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A. Ş. ("Sunflower") ⁽²⁾	Energy	Turkey
Doel Elektrik Enerjisi Toptan Satış A.Ş. ("Doel Elektrik")	Energy	Turkey

Joint Ventures	Nature of business	Country
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Energy	Turkey
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Energy	Turkey

Industry

Subsidiaries	Nature of business	Country
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Production	Turkey
Celik Halat Netherlands B.V. ("Çelik Halat Netherlands") ⁽³⁾	Trade	Holland
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") ⁽⁴⁾	Trade	People's Republic of China
D Stroy Limited ("D Stroy")	Trade	Russia

Automotive Trade and Marketing

Subsidiaries	Nature of business	Country
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

Financing and Investment

Subsidiaries	Nature of business	Country
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Öncü Girişim")	Investment	Turkey
Doruk Faktoring A.Ş. ("Doruk Faktoring")	Factoring	Turkey
Doruk Finansman A.Ş. ("Doruk Finansman")	Finance	Turkey

⁽²⁾ The share transfer of related subsidiary was realized on 18 July 2018.

⁽³⁾ The establishment of related subsidiary was realized on 27 September 2018. Since the Company has not started its operations as of 30 September 2018, it is not included in the scope of consolidation.

⁽⁴⁾ The related subsidiary entered into liquidation process as of 20 January 2017.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Other

Subsidiaries	Nature of business	Country
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trade	Turkey
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	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
Kelkit Doğan Besi İşletmeleri A.Ş. ("Kelkit Doğan Besi") ⁽⁵⁾	Husbandry	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	Holland
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. ("Değer Merkezi")	Management Consultancy	Turkey
Doğan Dış Ticaret ve Müessellik A.Ş. ("Doğan Dış Ticaret")	Import and export	Turkey
Falcon Purchasing Services Ltd. ("Falcon")	Foreign Trade	England
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Tv publishing	Turkey
Dogan 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
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Internet services	Turkey
Proje Land Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Proje Land") ⁽⁶⁾	Internet services	Turkey
DH Upside Invest B.V. ("DH Upside") ⁽⁷⁾	Investment	Holland
DMC Invest B.V. ("DMC Invest") ⁽⁷⁾	Investment	Holland
Dogan Media Invest B.V. ("Dogan Media Invest") ⁽⁷⁾	Investment	Holland
Glocal Invest B.V. ("Glocal Invest") ⁽⁷⁾	Investment	Holland
NetD Müzik Video Dijital Platform ve Ticaret A.Ş. ("NetD Müzik") ⁽⁸⁾	Internet services	Turkey

Joint Ventures	Nature of business	Country
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
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

⁽⁵⁾ The commercial title of Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. was changed to Kelkit Doğan Besi İşletmeleri A.Ş. on 1 February 2018.

⁽⁶⁾ The establishment of the related subsidiary was registered on 26 January 2018.

⁽⁷⁾ The establishment of the related subsidiary was registered on 11 May 2018.

⁽⁸⁾ The establishment of the related subsidiary was registered on 14 May 2018

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standarts

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 prepared on the basis of historical cost.

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.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of Doğan Holding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

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

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

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

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

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

2.1.3 Consolidation and equity method accounting 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

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

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

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

Subsidiaries are consolidated by the date the Group takes the control and 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.

Intercompany transactions and balances 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.

Subsidiaries 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.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Doğan Holding

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting 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 30 September 2018 and 31 December 2017:

Fuel Distribution

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
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
İstasyon Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
D&A Energy ⁽¹⁾	100,00	-	-	-	100,00	-	50,00	-

Electricity Production and Distribution

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
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
Sunflower ⁽²⁾	55,00	-	-	-	55,00	-	55,00	-
FB Güneş Enerjisi Yatırımları A.Ş. ⁽³⁾	-	-	-	-	-	-	-	-
Doel Elektrik	100,00	100,00	-	-	100,00	100,00	100,00	100,00

Industry

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
Çelik Halat	77,65	78,85	-	-	77,65	78,85	77,65	78,85
Celik Halat Netherlands ⁽⁴⁾	100,00	-	-	-	100,00	-	77,65	-
Ditaş Doğan	72,62	73,59	-	-	72,62	73,59	72,62	73,59
Ditas America	100,00	100,00	-	-	100,00	100,00	72,62	73,59
Ditas Trading ⁽⁵⁾	100,00	100,00	-	-	100,00	100,00	72,62	73,59
D Stroy	100,00	100,00	-	-	100,00	100,00	72,62	73,59

(1) The establishment of the related subsidiary was realized on 18 May 2018.

(2) The share transfer of the related subsidiary was realized on 18 July 2018.

(3) The transfer of shareholding of the related subsidiary was registered on 4 April 2018 and merged under Galata Wind on 6 July 2018.

(4) The establishment of related subsidiary was realized on 27 September 2018. Since the Company has not become operational as of 30 September 2018, it is not included in the scope of consolidation.

(5) The related subsidiary entered into liquidation process as of 20 January 2017.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Automotive Trade and Marketing

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Trend Motosiklet	99,84	99,84	-	-	99,84	99,84	99,84	99,84
DAF	100,00	100,00	-	-	100,00	100,00	100,00	100,00

Financing and Investment

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
Öncü Girişim	100,00	100,00	-	-	100,00	100,00	100,00	98,20
Doruk Faktoring	100,00	100,00	-	-	100,00	100,00	100,00	98,86
Doruk Finansman	97,02	97,02	2,98	2,98	100,00	100,00	97,02	97,02

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Other

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
Milpa	83,04	86,27	0,16	0,16	83,19	86,43	83,04	86,27
Milta Turizm	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
Marlin Otelcilik	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
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Orta Anadolu Otomotiv	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Kelkit Doğan Besi ⁽⁶⁾	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
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Değer Merkezi	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Glokal	100,00	100,00	-	-	100,00	100,00	100,00	79,29
Proje Land ⁽⁷⁾	86,00	-	-	-	86,00	-	86,00	-
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	100,00	93,22
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	99,99	93,22
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	100,00	93,22
DMC	100,00	100,00	-	-	100,00	100,00	100,00	93,22
Blutv İletişim ⁽⁸⁾	-	100,00	-	-	-	100,00	-	90,96
DH Upside ⁽⁹⁾	100,00	-	-	-	100,00	-	100,00	-
DMC Invest ⁽⁹⁾	100,00	-	-	-	100,00	-	100,00	-
Dogan Media Invest ⁽⁹⁾	100,00	-	-	-	100,00	-	100,00	-
Glocal Invest ⁽⁹⁾	100,00	-	-	-	100,00	-	100,00	-
NetD Müzik ⁽¹⁰⁾	100,00	-	-	-	100,00	-	100,00	-

⁽⁶⁾ The commercial title of Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. was changed to Kelkit Doğan Besi İşletmeleri A.Ş. on 1 February 2018.

⁽⁷⁾ The establishment of the related subsidiary was registered on 26 January 2018.

⁽⁸⁾ The related subsidiary was sold on 17 August 2018.

⁽⁹⁾ The establishment of the related subsidiary was registered on 11 May 2018.

⁽¹⁰⁾ The establishment of the related subsidiary was registered on 14 May 2018

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Publishing⁽¹¹⁾

	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 (%)	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Subsidiaries								
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	-	77,65	-	-	-	77,65	-	77,65
Doğan Gazetecilik A.Ş.	-	92,81	-	0,52	-	93,33	-	92,81
Hürriyet Zweigniederlassung GmbH	-	100,00	-	-	-	100,00	-	77,65
Yenibirış İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş.	-	100,00	-	-	-	100,00	-	77,65
Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	77,65
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.	-	100,00	-	-	-	100,00	-	99,73
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş.	-	100,00	-	-	-	100,00	-	100,00
Doğan Haber Ajansı A.Ş.	-	99,99	-	-	-	99,99	-	99,99
Doğan Media International GmbH	-	100,00	-	-	-	100,00	-	90,52
Hürriyet Invest B.V.	-	100,00	-	-	-	100,00	-	77,65
Trader Media East Ltd.	-	97,29	-	-	-	97,29	-	75,54
TCM Adria d.o.o.	-	100,00	-	-	-	100,00	-	75,54
Mirabridge International B.V.	-	100,00	-	-	-	100,00	-	75,54
Publishing International Holding B.V.	-	100,00	-	-	-	100,00	-	75,54
OOO RUKOM	-	100,00	-	-	-	100,00	-	75,54
OOO Pronto Samara	-	100,00	-	-	-	100,00	-	75,54
OOO Pronto Media Holding Ltd.	-	100,00	-	-	-	100,00	-	75,54
OOO SP Belpronto	-	60,00	-	-	-	60,00	-	45,32
ZAO Pronto Akzhol	-	80,00	-	-	-	80,00	-	60,43
TOO Pronto Akmola	-	100,00	-	-	-	100,00	-	75,54
ID Impress Media LLC	-	91,00	-	-	-	91,00	-	68,74
OOO Rektcentr	-	100,00	-	-	-	100,00	-	75,54
Publishing House Pennsylvania Inc.	-	100,00	-	-	-	100,00	-	75,54

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Broadcasting ⁽¹¹⁾

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
Doğan TV Holding A.Ş.	-	93,22	-	0,10	-	93,32	-	93,22
DTV Haber ve Görsel								
Yayınçılık A.Ş.	-	94,97	-	5,03	-	100,00	-	88,53
Mozaik İletişim Hizmetleri A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Doğan TV Digital Platform İşletmeciliği A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Osmose Media S.A.	-	100,00	-	-	-	100,00	-	93,22
Doğan Uydı Haberleşme Hizmetleri ve								
Telekomünikasyon Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	93,22
Uydı İletişim Basın Yayın A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Doruk Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,22
Doğa Televizyon ve								
Radyo Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Dark Yapımcılık ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	88,53
Altın Kanal Televizyon ve								
Radyo Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Stil Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Selenit Televizyon ve								
Radyo Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Ekinoks Televizyon ve								
Radyo Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Fleks Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Kutup Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Galaksi Radyo ve Televizyon Yapımcılık								
Yapımcılık Sanayi ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Yörünge Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Tematik Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,22
Süper Kanal Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,22
Eko TV Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,22
Primetürk GmbH	-	100,00	-	-	-	100,00	-	93,30
Fun Televizyon Yapımcılık								
Sanayi ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Tempo Televizyon Yapımcılık Yapımcılık								
Sanayi ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	93,22
Kanalspor Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Milenyum Televizyon Yapımcılık								
ve Yapımcılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
TV2000 Televizyon Yapımcılık								
Yapımcılık Sanayi ve Tic. A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Popüler Televizyon ve Radyo								
Yayınçılık A.Ş.	-	100,00	-	-	-	100,00	-	93,30
Mavi Digital Teknoloji								
Hizmetleri ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	88,53

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Retail⁽¹¹⁾

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
Doğan Müzik Kitap								
Mağazacılık ve Pazarlama A.Ş.	-	100,00	-	-	-	100,00	-	100,00
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş.	-	100,00	-	-	-	100,00	-	100,00
A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret A.Ş.	-	90,00	-	-	-	90,00	-	90,00

⁽¹¹⁾ Disclosed in Note 2.1.5.

(b) 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 consolidated statement of income.

(c) Joint Ventures

According to TFRS-11 Joint Agreements, investments under joint agreements are classified as joint activities or joint ventures. The classification is based on contractual rights and obligations of all investors, rather than the legal structure of the joint agreement.

Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.4 Offsetting

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

2.1.5 Comparative information and restatement of previously reported financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. The Group presents comparatively its consolidated statement of financial position as of 30 September 2018 with 31 December 2017. Consolidated statement of profit or loss and consolidated other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for the period ended 1 January - 30 September 2018, are presented comparatively with the consolidated financial statements as of the period 1 January - 30 September 2017.

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.

Group completed the sales and transfer of shares in the interim period following the signing of the share sale contracts related to the sale and transfer of shares in the capitals of the direct and indirect subsidiaries operating in the publishing ,broadcasting and retail segments disclosed in Note 1. Details of share sales and transfer transactions are disclosed in Public Disclosure Platform as of 16 May 2018 and 29 May 2018. As of 30 September 2018, these transactions of the related subsidiaries, realized in 1 January - 30 September 2018 interim period were reclassified as discontinued operations. In this context, Group has presented the related activities as discontinued operations in order to ensure consistency with the consolidated statement of profit or loss and related notes and statement of cash flows for the interim period 1 January - 30 September 2017.

Transition to TFRS 15 “Revenue from contracts with customers”

In accordance with the transition of TFRS 15 “Revenue from contracts with customers” which has replaced TMS 18, Group started to defer its revenue related to the discount coupons given to customers as part of its advertisement activities and record deferred revenue in the balance sheet. Since the opening effect of the accounting policy change and the revenue related to the discount coupons are not material to the consolidated financial statements, the accounting policy change has applied prospectively starting from 1 January 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)****2.1.5 Comparative information and restatement of previously reported financial statements (Continued)***Transition to TFRS 9 “Financial instruments”*

Group has applied TFRS 9 “Financial instruments”, which has replaced TMS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 9 in retained earnings on the first application date. Therefore, prior year consolidated financial statements are not restated and these consolidated financial statements are presented in accordance with TMS 39.

Changes related to the classification of TFRS 9, financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial investments.:

Financial assets	Original classification under TAS 39	New classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Derivative instruments	Fair value through statement of profit or loss/ other comprehensive income	Fair value through statement of profit or loss/ other comprehensive income
Financial investments	Available for sale financial assets	Fair value through statement of profit or loss/ other comprehensive income
Financial liabilities	Original classification under TAS 39	New classification under TFRS 9
Derivative financial liabilities	Fair value through statement of profit or loss/ other comprehensive income	Fair value through statement of profit or loss/ other comprehensive income
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

Explanations related to the effects of TFRS 9 and TFRS 15 on the consolidated financial statements as of 1 January 2018 are as follows:

Retained earnings as of 1 January	2018
Previously reported	-
Pre-tax effects of amendments related to implementation of TFRS 9 standard	981
Tax effects of amendments related to implementation of TFRS 9 standard	(216)
Effects of amendments related to implementation of TFRS 15 standard	-
	765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued))

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

Changes of accounting policies resulting from the first time implementation of the TAS are implemented retrospectively or prospectively in accordance with the transition provisions. Major accounting mistakes detected are applied retrospectively and the financial statements of previous period are revised. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurs; if the changes apply also to the future periods, they are applied in both the period of change and in the future period.

2.1.7 New and revised Turkish Financial Reporting Standards (“TFRS”)

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

a) Amendments and interpretations to existing standards and prior year standards published as of 30 September 2018

- TFRS 9, “Financial instruments”; effective from periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 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. Aforementioned amendment does not have significant impact on Group’s financial position and performance.
- Amendment to TFRS 15, “Revenue from contracts with customers”, effective from annual periods beginning 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. Aforementioned amendment does not have significant impact on Group’s financial position and performance.
- Amendments to TFRS 4, “Insurance contracts” regarding the implementation of TFRS 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. Aforementioned amendment does not have significant impact on Group’s financial position and performance. 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 TFRS 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 TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39, “Financial Instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

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

a) Amendments and interpretations to existing standards and prior year standards published as of 30 September 2018 (Continued)

- Amendment to TAS 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. Aforementioned amendment does not have significant impact on Group’s financial position and performance.
- Amendments to TFRS 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 TFRS 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. Aforementioned amendment does not have significant impact on Group’s financial position and performance.
- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
 - TFRS 1, “First time adoption of TFRS”, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10.
 - TAS 28, “Investments in associates and joint venture” regarding measuring an associate or joint venture at fair value.
- TFRS Interpretation 22, “Foreign currency transactions and advance consideration”; effective from annual periods beginning on or after 1 January 2018. This TFRS 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. Aforementioned amendment does not have significant impact on Group’s financial position and performance.

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2018:

- Amendment to IFRS 9, ‘Financial instruments’; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and it has been announced in Note 2.1.5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

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

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2018 (Continued):

- Amendment to TAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.
- TFRS 16, "Leases"; effective from periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 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 TFRS 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. Impacts of the new standard on the financial position and performance of the Group is being assessed.
- TFRS Interpretation 23, "Uncertainty over income tax treatments"; effective from periods beginning on or after 1 January 2019. This TFRS clarifies how the recognition and measurement requirements of TAS 12, "Income taxes" are applied where there is uncertainty over income tax treatments. The TFRS Interpretation Committee had clarified previously that TAS 12, not TAS 37, "Provisions, contingent liabilities and contingent assets", applies to accounting for uncertain income tax treatments. TFRS 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRS 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- TFRS 17, "Insurance contracts"; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1. Basis of Presentation (Continued)

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

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2018 (Continued):

- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - TFRS 3, ‘Business combinations’, - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - TFRS 11, ‘Joint arrangements’, - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - TAS 12, ‘Income taxes’ - a company accounts for all income tax consequences of dividend payments in the same way.
 - TAS 23, ‘Borrowing costs’ - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- Amendments to TAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and;
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group has not yet determined the possible effects on its consolidated financial statements in consequence of applying such standards, other than the abovementioned effects, and does not expect these differences to have a significant effect on its consolidated financial statements.

2.1.8 US Dollar convenience translation

US Dollar (“USD”) amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira (“TRY”), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate of TRY 5,9902 = USD 1,00 as of 30 September 2018. 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 TRY amounts have been or could be converted into USD at this or any other rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies

Related parties

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

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

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

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

Cash and cash equivalents

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents (Continued)

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

Trade receivables and provision for doubtful receivables

The Group’s trade receivables from providing goods or services to customers are carried at net of unrealized finance income (“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).

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt “simplified approach” in TFRS 9 standard.

According to “simplified approach” of TFRS 9 Standard, loss provisions concerning trade receivables are calculated equal to “lifetime expected credit loss” if trade receivables are not impaired due to valid reasons as stated in TFRS 9.

TAS 39, “Financial Instruments” valid before 1 January 2018: Instead of “realised credit losses model” in Accounting and Measurement Standard, “expected credit loss model” was defined in TFRS 9 “Financial Instruments” Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Company are considered.

The Group decides to allocate provision for doubtful receivables, whose payment was not made within the ordinary commercial activity cycle of the Group, considering whether the trade receivable is subject to administrative and/or legal proceeding, whether or not they have a guarantee and there is an objective finding. The amount of such provision is the difference between the book value of the receivable and the collectible amount. The collectible amount is the current value of the expected cash flow, including the amounts to be collected from guarantees and collaterals, which is discounted based on the original effective interest rate of the initial receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Trade receivables and provision for doubtful receivables (Continued)

When trade receivables are not impaired for certain reasons along with realised impairment losses, Group recognises expected credit loss provision equal to lifetime expected credit loss for trade receivables as per TFRS 9. Expected credit loss is calculated by expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from operating activities (Note 27).

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 recognized 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 (net realizable value). 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 consolidated 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.

Financial Assets

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group’s financial assets carried at amortized cost comprise “trade receivables”, “other receivables” and “cash and cash equivalents” in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision is not provided to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the statement of consolidated financial position, they are classified as non-current assets. Group makes a choice that cannot be changed later for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of “derivative instruments” in consolidated statement of financial position and “financial asset”, which are acquired to benefit from short-term price or other fluctuations in the market or which are a part of a portfolio aiming to earn profit in the short-run, irrespective of the reason of acquisition, and kept for trading purposes. Derivative instruments are recognised as asset if their fair value is positive and as liability if their fair value is negative. Group’s derivative instruments consist of transactions concerning future contracts. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the consolidated statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realised or unrealised profit and losses are recognised under “financing income/(expense)”. Dividends are recognised as dividend income in consolidated profit or loss statement. Financial assets including the derivative products not determined as hedging instruments are classified as financial assets whose fair value difference is reflected as profit or loss (Note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

(b) *Financial assets carried at fair value (Continued)*

ii) *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income consist of equities and certain debt securities held by the Group and listed in a stock exchange of an active market and they are recognised under "financial investments" in consolidated statement of financial position. Impairment in these assets, which are recognised with their fair value, and unrealised profit or loss, which arise from changes other than changes in profit or loss concerning exchange rate differences in interest and monetary assets calculated by efficient interest method are tracked under consolidated other comprehensive income statement and under financial asset shall be recognized in equity, through the investment revaluation reserve until the financial asset is removed from consolidated financial statements. If the assets whose fair value difference is recognised under consolidated other comprehensive income statement are sold, valuation differences classified under consolidated other comprehensive income statement are classified under "Retained Earnings/(Losses)".

Derivative financial instruments and hedge accounting

Derivative financial instruments, predominantly foreign currency and interest swap agreements and foreign currency forward agreements are comprised. Derivative financial instruments are subsequently remeasured at their fair value. 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).

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.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in equity remains in equity until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognized in equity are transferred to the profit/(loss) statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, 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 consolidated 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 derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in consolidated profit or loss in the period in which the property is derecognized.

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

Property, plant and equipment

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

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

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognized in the consolidated 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 as income or expenses from investing activities in consolidated 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 consolidated 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).

Operating lease

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 recognized as an expense on a straight line basis over the lease term under the consolidated statement of profit or loss.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization

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).

Related accounting policy has been applied from 1 January 2018 to the date of completion of subsidiary sale transactions detailed in Note 30.

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

Intangible assets with estimated useful life are accounted for at acquisition costs and amortized on a straight-line method (Note 15).

Estimated useful lives of intangible assets are as follows:

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

Intangible assets with estimated 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).

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

2.2 Summary of Significant Accounting Policies (Continued)

Development costs

The costs associated with the developing the product are capitalized under the construction in progress and amortized by using straight-line method over their estimated useful lives. (Note 15). Following the planning phase and operation; all costs are recognized as expense.

Research expenditures are recorded as expenses on the date they are incurred. Apart from the project expenditures meeting the criteria below, development costs are also recorded as expenses on the date they are incurred:

- If product-related costs can be defined clearly and measured reliably,
- If the technical adequacy/feasibility of the product can be measured,
- If the product will be put up for sale or used within the Group,
- If there is a potential market for the product, or its usability within the Group can be proved,
- If adequate technical, financial and other required resources can be procured for the completion of the project.

The development costs meeting the criteria above are capitalized and amortized with straight-line method of depreciation in line with the related project durations.

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 has decided to recognize Turkish Series, which were evaluated as program stocks in the previous periods, as program rights starting from 1 January 2016 according to which does not have any limitation about the right to sell, have been broadcasted at least six episodes or committed to be broadcasted at least six episodes and have potential to be sold to overseas. Turkish Series classified as program rights are amortized within 5 years (2017: 5 years) The related accounting policy has been applied from 1 January 2018 to the date of completion of subsidiary sale transactions explained in detail on Note 30.

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

2.2 Summary of Significant Accounting Policies (Continued)

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

At each statement of financial position date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognized 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 recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Taxation (Continued)

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

Current and deferred tax

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

Financial borrowings and borrowing costs

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

Employment termination benefits

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

2.2 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities

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

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognized 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 recognized 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 recognized 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

When the Group meets its performance obligation by transferring a product or service that is committed before, the revenue is recognised in consolidated financial statements. When the client takes over the control of an asset, the asset is deemed transferred.

The Company transfers the revenue to the financial statements based on the following five principles:

- Determining client agreements,
- Determining performance obligations in agreements,
- Determining transaction price in agreements,
- Distributing transaction price to performance obligations in agreements,
- Recognising the revenue as each performance obligation is met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

If all the below-mentioned conditions are met, Group recognises an agreement made with the client as revenue:

- Parties to the agreement approved the agreement (in writing, orally or in other means in line with commercial practices) and committed to meet their respective obligations,
- Group can define the rights of each party concerning the goods or services to be transferred,
- Group can define payment conditions concerning the goods or services to be transferred,
- The agreement is commercial in essence.
- It is possible that the Group will collect money in return for goods and services to be transferred to the client.

When determining whether the money can be collected, Group only considers its client's ability and intention to pay the money in time.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation as follows:

- a) different goods or service (goods or service packages) or
- b) a group of different goods or services which are similar in a great extent and transferred to the client with the same method.

A group of different goods or services are subject to the same transfer method if the below conditions are met:

- a) Each different product or service that the Group committed to transfer to the client must meet required conditions and constitute a performance obligation to be met in time and
- b) As per the relevant paragraph of the standard, using the same method to measure the progress of the Group in meeting its obligation to transfer each product or service included in the group to the client.

Group sells different products and services as a package and also can sell them separately. Each product and service which are determined through agreement and Group transferred to its clients in a package are described as different goods and services. Additionally, because clients can benefit from these services separately, these services can be described independently from other commitments in the agreement. Based on this, each service in a package is recognised as a separate performance.

If a third party is involved in the process where goods or services are provided to client, when the Group determines its performance liability it assess whether its commitment is about providing (primary) the good or service by itself or mediating (agent) the sale of the goods or services provided by other parties. According to this, if the Group checks the goods or services before delivering them to client, the Group is in the primary position related to sale of good or services. When (or as long as) the Group meets its performance liability, it recognises the revenue equal to gross amount of price, which it expects to earn in return for transferred goods or services, in the consolidated financial statements. If the Group mediates the process where other parties provide the goods and services, it is in the agent position and cannot include the revenue for the performance liability in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Group acts as a representative with a framework in accordance with the convenient time period between 1 January 2018 and the completion of the sale of its subsidiary stated on Note 30, on “Yakala.co” agreements and where it brings together the firms with which it has agreements in line with its clients’ digital marketing strategies, and in some products and services it offers in “Hürriyetemlak.com” agreements which provide digital classified advertisement service. When Group meets its performance liability for these agreements where it is determined as an agent, it includes the price or revenue equal to commission, which it expects to earn, in the consolidated financial statements. Group’s price or commission is the remaining net amount after paying the price it collects in return for goods and services provided to portals. For cinema tickets only sold on “Yakala.co” website operating in e-trade field, Group acts as primary because it bears inventory risk and has discretionary power for determining price for this service. Income from ticket sales is not a commission income and is recognised as gross amount in financial statements.

Group takes into account agreement provisions and commercial customs in order to determine transaction price. Transaction price is the price, which the Group expects to deserve in return for goods and services Group committed to provide to client, excluding amounts (eg. some sales taxes) collected on behalf of third parties. A committed price in an agreement with a client can include both the fixed amounts and variable amounts. There are variable amounts because the agreements Group made with clients have scores from turnover-based discounts, returns and customer loyalty programs. If the price the Group commits in the agreement is variable, the Group determines the price it deserves in return for goods and services committed to client through estimation. For the Group to include some or all of variable price it estimates in transaction price, it should be very likely that there will not be an important cancellation in cumulative revenue in the financial statements when the uncertainty about variable price is eliminated. When assessing whether or not there will be an important cancellation in cumulative revenue in the financial statements when the uncertainty about variable price is eliminated, the Group must take into account both realisation possibility and impact of revenue cancellation.

Turnover-based premiums the Group provided to vendors and other clients for retrospective service purchase represent variable prices. Turnover-based discount amounts the Group determined through estimation are accounted as “agreement liability” in the statement of financial position.

Group provides advertisement services with respect to the time period between 1 January 2018 and the completion of the sale of its subsidiary stated on Note 30, in return for advertisement and other product and services. While exchanging services or goods with similar features and value are not described as income-generating transactions, exchanging services or goods with different features and value are described as income-generating transactions. The Group measures non-cash price (or non-cash price commitment) using fair value in order to determine transaction price related to agreements which include client’s commitment to pay price except for cash. In the cases where provided goods or services’ fair value cannot be determined fairly, income is valued as reasonable value of goods or services by taking into account transferred cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

If a company offers its client in an agreement a choice to receive additional good or services, this choice leads to a performance liability if the choice gives the client a tangible right that client cannot use as long as the client does not sign the agreement as a party. If the choice gives client a tangible right, the client makes prepayment to the company for the goods and service it will receive in the future. The company includes this revenue in the financial statements when these future goods and services are transferred or this choice expires.

If independent sale price related to client’s choice to receive additional good or service cannot be observed, the company determines this through estimation. If client chooses to receive good or service, this estimation reflects the discount the client will get based on the followings:

- (a) discount if the client does not choose to receive good or service
- (b) possibility of using the choice.

After receiving pre-payment from client, the company includes an agreement liability equal to pre-payment in return for performance liability related to transferring goods or services in the future or making them ready to be transferred. When the company completes transfer of goods or services and therefore meets its performance liability, it removes this agreement liability from financial statements (and the revenue is included in the financial statements).

Because the awards related to “Vendor Loyalty Project”, which the Group applies for sales transactions with vendors and end-sellers, and card loyalty programs (Aytemiz card etc.) the Group provides to its clients give clients a tangible right that client cannot use as long as it does not sign the agreement as a party, the amounts the relevant client earns are recognised as agreement liability in the consolidated financial statements. When these awards from “Vendor Loyalty Project” are used, they are recognised as revenue in the financial statement by deducting from agreement liability.

When the Group expects to collect a price and accepts to pay some or all of this price back to client, it includes the return liability in the financial statements. Return liability is measured based on the collected (or receivable) price (in other words, amounts which are not included in the transaction price) the company does not expect to deserve. Return liability (change in the transaction price and agreement liability) is updated at the end of every reporting period by considering the changes in the conditions.

The Group includes the following things in the financial statement in order to recognise the transfer transaction of products which can be returned (along with some delivered services, on condition with being subject to return):

- (a) revenue in return for products transferred at the value which the company expects to deserve (therefore the revenue related to product that are expected to be returned is not included in the financial statements)
- (b) a return liability and
- (c) an asset in return for a right to get the products back from client after the company meets its return liability (based on this, an adjustment in sales cost).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

An asset, recorded in financial statements in scope of the right to take the products back from the client to carry out refund liability, should be evaluated considering the resulting amount after the costs (including the potential decrease of value of the returned product from the perspective of the business) to be made in scope of taking back these products at previous book value (if available). The group updates its refund liability measure in a manner that it reflects the changes in the expected refund amounts and reflects the necessary adjustments in consolidated financial statements as revenue (or discounts from revenue).

A good or service’s contractually specified price is its independent sale price. If there is more than one good or service to transfer in the contract, the Group allocates the transaction price to each performance liability (or different good or service) in an amount that shows the amount which the client expects to have a right to in return for transfer of the goods or services committed to the client. To reach its distribution target, the Group allocates the transaction price to each performance liability specified in the contract at a proportional independent sale price. To allocate the transaction price to each performance liability on a basis of a proportionate individual sale price, the Group determines the individual sale price of different goods or services that make up the basis of each performance liability in the contract at the beginning date of the contract and allocates transaction price in proportion to these individual sale prices.

When a party carries out the contract, the Group reflects the contract as a contract asset or contractual liability in the statement of financial position, depending on the relationship between the business performance and client payment. The Group records its unconditional rights related to the price as a receivable.

If the sum of sale prices of the individual goods and services committed in the contract exceeds the amount committed for them in the contract, it means that the client received a discount in return for purchasing goods or a service package. Except for the cases where there are observable indications that the discount is related to one or a few of the performance liabilities regulated in the contract and not all of them, the Group allocates the discount directly proportional to all performance liabilities.

Advertisement revenue

The Group’s advertisement income is made up of income gained from the advertisements that were published on written, visual and digital media. If the client simultaneously gets the benefits of performance as the advertisement is published and consumes it, that means the Group has transferred the service’s control over time. Therefore, as performance liability is carried out (as the advertisement is published), revenue is recognised over time and depending on the output method. The unpublished portion of the ads are recognised in the financial statement as contractual liability. The aforementioned accounting principles have been applied with respect to the time period between 1 January 2018 and the completion of the sale of its subsidiary as stated on Note 30.

Revenues from circulation, magazine sales, distribution and press income

Circulation income includes income earned distribution company, wholesale and newspaper sales. The income generated in scope of this service is recognised when the newspapers are shipped “at a specific time”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Revenues from circulation, magazine sales, distribution and press income (Continued)

Contract press income includes press services provided to group companies and other companies through the use of the Group’s press facility. The income generated in scope of this service is recognised when the newspaper is delivered to be distributed “at a specific time”. The aforementioned accounting principles have been applied with respect to the time period between 1 January 2018 and the completion of the sale of its subsidiary as stated on Note 30.

Subscription and membership income

Subscription income consists of real estate website memberships. The Group tracks real estate website memberships in an individual manner as well as a corporate manner. The Group may sell subscriptions and memberships by combining sold products and services in packages. (Example: Publishing a listing through a real estate site, highlighting service and mobile phone may be sold as a package.) Each product and service included in the package is recognised as a separate performance. For each performance, independent sale price is determined considering observable prices. When the control of the performance is passed over to the client, it is recorded as income. The clients can benefit from publishing listings and highlighting service simultaneously, so it is recognised “over time” and through output method. When the physical ownership of packaged products is transferred to the client, the income is recognised.

Fuel sale income

Fuel sale income is the amount remaining when the Group has deducted estimated client refunds, discounts and provisions from fuel sales that it has carried out through dealerships or from its own stations. The revenue gained through fuel sales is recognised at a specific point in time in case all important risks and benefits concerning the property is transferred to the client, the income amount is reliably calculated, it is possible that economic benefits concerning the transaction flows to the business and the costs arising out of the transaction may be reliably calculated.

Electricity sale revenues

The group earns electric sales income through generating electricity from hydroelectric plants and wind energy plants and selling it. Since electricity is a service provided as a series that the client gets and consumes simultaneously, it is recognised as one performance, over time and through output method.

Retail sale revenues

Book, music, film, electronics and souvenir products sale income is recorded at a specific point in time in line with periodicity principle after the refunds and discounts are deducted from the invoiced value at the date the said goods are delivered to the client (considering material rights provided in scope of loyalty card program)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Industry income

The Group's industrial income is made up of income that the Group gets through the activities of its subsidiaries Çelik Halat and Ditaş. This income gained through product sales is recognised when the client takes over the control of the committed asset, "at a specific point in time."

Other income

The Group's other income includes real estate income, tourism income, rent income and vehicle sale income. These incomes are explained below:

Real estate sale income: The revenue gained from Milpa's (a subsidiary of the group) residence construction projects is realized "at a specific point in time" after the Group carries out all duties specified in the contract fully and the buyer confirms the delivery report and all risks and benefits arising out of owning legally an asset are transferred to the buyer of the property.

Tourism income: This is made up of hotel accommodation, agency, marina income, vehicle rental and second hand vehicle sale income. The hotel accommodation and agency income are recognised once the service is provided to the client, "at a specific point in time". Marina income is made up of accommodation of sea vehicles and store rent incomes. The said rent income is recorded during the rent contracts over time and based on the output method.

Rent income: The rent income gained from real state is recognised throughout the relevant rent agreement, over time and with output method.

Vehicle sales income: The risk and benefit after paying special consumption tax and issuing a registration for the sold vehicles is accepted to have been transferred to the client. It is recognised as income "at a specified moment in time" through reliable calculation of income amount.

Before the group transfers a good or a service to the client, if the said client pays the price or the business has an unconditional receivable on the price, it reflects the contract as a contractual liability on the date the payment is made or when the payment is due (whichever is earlier). Contract liability is the liability of the business to transfer goods or services to the client in return for the amount it has collected (or earned the right to collect).

When the group carries out its performance by transferring the goods or services to the client before the client pays the amount or before the payment is due, it reflects the contract as a contract asset, excluding the amounts presented as receivables.

Before the group transfers a good or a service to the client, if the said client pays the price or the Group has an unconditional receivable on the price, it reflects the contract as a contractual liability on the date the payment is made or when the payment is due.

The Group recognizes its contractual assets and liabilities -which it capitalizes in the balance sheet- under "contractual assets" and "contractual liabilities" accounts without netting them in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (Continued)

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.

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 if it is found to be within the standard of TFRS 9 Financial Instruments: Recognition and Measurement, the mentioned conditional price is measured at its fair value and the gain or loss arising out of the change is recognised under profits, losses or other comprehensive income. Those not covered under the scope of TFRS 9, is recognized in profit or loss as per TAS 37 Provisions or other suitable “TAS”

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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Goodwill (Continued)

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.

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

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under other income or other expenses.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.2 Summary of Significant Accounting Policies (Continued)****Foreign currency transactions (Continued)**

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised under other comprehensive income.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates unless this average is not reasonable approximate of the cumulative effect of the prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions, and
- All resulting exchange differences are recognized in other comprehensive income.

A significant portion of the Group's foreign operations is performed in Russia, Europe and Slovenia ("Russia and Eastern Europe ("EE")). Foreign currencies and exchange rates at 30 September 2018 and 31 December 2017 are summarized below:

Country	Currency	30 September 2018	31 December 2017
Eurozone	EUR	6,9505	4,5155
Russia	Ruble	0,0906	0,0651
USA	Dollar	5,9902	3,7719
Romania	New Lei	1,4819	0,9637

Assets Held for Sale

Fixed assets (or groups of assets to be disposed of) are classified as held for sale because their book values can be regained through sale rather than ongoing use, and when it's accepted that the possibility for sale is high. Deferred tax assets, assets gained as a result of employee benefits, financial assets, investment properties moved at their fair value and those rights other than the rights arising out of the contracts on insurance policies have been specifically excluded. Assets such as these held for sale are measured with whatever is lower, the book value or the sales-cost-deducted fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

2.2 Summary of Significant Accounting Policies (Continued)

Assets Held for Sale (Continued)

If the value of an impairment of an asset (or group of assets to be disposed of) is lowered to its sales-cost-deducted fair value at the beginning or later, the impairment loss is recognised. If it does not exceed the accumulated impairment losses recognised beforehand, any increase to the sales-cost-deducted value of an asset (or group of assets to be disposed of) is recognised as income. Income or loss of an asset (or group of assets to be disposed of) that was not recognised before the day it was sold is recognised as of the day when the said asset is left out of the statement of financial position.

Fixed assets classified as held for sale (a fixed asset which is part of an asset group to be disposed of) cannot be depreciated or amortised. Interest or other expenses of debts related to the asset group classified as held for sale or to be disposed of continue to be recognised.

A fixed asset recognised as held for sale, and assets in a group of assets to be disposed of classified as held for sale, are shown separately from other assets in the statement of financial position. Debts related to an asset group classified as held for sale are shown separately from other debts in the statement of financial position.

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 six main segments, “Fuel Distribution”, “Electricity Production and Distribution”, “Industry”, “Automotive Sales and Marketing” “Financing and Investment” 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

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 recognises 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).

Subsequent events

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

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

Statement of cash flows

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

The cash flows raised from operating activities indicate cash flows due to the Group’s activities.

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

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

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

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

As of November 2011, the Group management considered the VAT principle amounting to TRY 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 TRY 367.990 and TRY 86.291 have been recognised in the statutory records of D Yapım and Doğan TV Holding respectively. Due to the specific nature of the transaction and considering precautionary principle, the Group management adopted the policy that such “Deductible VAT” should not be recorded as an asset in the consolidated financial statements based on its actual utilization in subsequent taxation periods. However, the Group management revised the issue at this point, in line with the opinion it formed considering the previous actual utilization performance of such “Deductible VAT” asset as per the applicable legislation and relevant declaration and audit applications, and recognized TRY 5.971 of the related “deductible VAT” asset in “other current assets” and TRY 338.269 in “other non-current assets.

b) Deferred tax assets

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS published by POAASA and their statutory financial statements. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. The Group, considering the future income projections, recognized deferred tax assets amounting to TRY 40.280 (31 December 2017: TRY 32.579) arising from carry forward tax losses amounting to TRY 201.777 as of 30 September 2018 (31 December 2017: TRY 162.895). (Note 31)

c) Provision for doubtful trade receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers. 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. When trade receivables are not impaired along with realised impairment losses for certain reasons, the Group recognises an expected credit loss provision equal to the expected lifetime credit loss for these trade receivables as per TFRS 9. Expected credit loss is calculated using expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from main activities. As of 30 September 2018, doubtful provision is TRY 62.844(31 December 2017: TRY 257.243) (Note 9).

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

c) *Provision for doubtful trade receivables (Continued)*

The fact that whether the incomes from sales will be shown as gross or net amounts is dependent on the business' evaluation of current situation and conditions. While deciding on showing the abovementioned transactions as gross amounts, the Group took the following issues and indicators into consideration.

- Within the scope of current economical boundaries, the Group is free to set the sales prices for these products.
- Collection risk belongs to the Group.

d) *Investment properties*

Important assumptions of the Group Management regarding investment properties are disclosed in Note 13.

e) *Impairment of subsidiaries*

The Group decided to end up its prospective investments in Gas Plus Erbil and book a provision for already existing investments based on the "prudence" principle of accounting, considering the following facts: there is a strong expectation of the Group management that the planned productivity from Gas Plus Erbil's fields will not be sustained and the only way of producing oil from the wells is using "heavy oil" production technology which leads to a high level of production cost; accordingly, neither a commercial benefit nor another gain is expected. On the other hand, the political uncertainties at that area were also considered by the Group management. (Note 4)

NOTE 3 - BUSINESS COMBINATIONS

Acquisition of the shares of FB Güneş Enerji Company

The Group took over all share certificates representing 100% of FB Güneş Enerjisi Yatırımları A.Ş. on 15 March 2018 in exchange for €1,360. This purchase was realized in line with the Group's growth targets in Turkish energy market. The difference between net cash inflow and net liabilities corresponding to the Group's share was recognized as goodwill amounting to TRY 7,212 in the consolidated financial statement as of the acquisition date. FB Güneş Enerji Şirketi A.Ş. merged with Galata Wind on 6 July 2018.

Acquisition of Doruk Finansman's shares

49% of the shares of Doruk Finansman, of which the Group was holding 48% of the voting rights, was transferred to the Group, and TRY16.408 was paid to the Group as the share transfer of Doruk Finansman is also considered to be a transfer of financial liability within the scope of prospective capital and operational cash requirements.

As at the acquisition date, considering acquisition in business combinations gradually, total amount of Group's portion corresponding to net cash inflows and net assets were recognised under income from investing activities (Note 28). The mentioned net assets were recognized based on the reasonable values, which were determined by distributing the purchase price to related financial statement items, in consequence of the evaluation study for determining identifiable assets and obligations necessary for recognition by using the purchase method in accordance with TFRS 3 Business Combinations.

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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.
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
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
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul")	Turkey	Real Estate	Rönesans Gayrimenkul Yatırım A.Ş.
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.

The table below sets out the Joint Ventures, Doğan Holding and its subsidiaries and Doğan family voting power and effective ownership interests at 30 September 2018 and 31 December 2017:

Joint Ventures	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 (%)	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
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 ⁽¹⁾	-	56,00	-	-	-	56,00	-	56,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
SP Pronto Kiev ⁽¹⁾	-	50,00	-	-	-	50,00	-	37,77
TOV E-Prostir ⁽¹⁾	-	50,00	-	-	-	50,00	-	37,77
Ultra Kablolu ⁽²⁾	50,00	50,00	-	-	50,00	50,00	50,00	50,00

⁽¹⁾ Sold out within the context of share sale transactions explained in Note 30.

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

Profit and loss arising from the transactions between the Group's subsidiaries and its joint ventures are eliminated in accordance with the Group's share in its related subsidiary or its joint venture. The summary of the Group's share of the financial statements of the investments accounted for by the equity method as of 30 September 2018 and 31 December 2017 are as follows:

	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit/ (loss)
30 September 2018							
Gas Plus Erbil ⁽¹⁾	795.706	1.629	794.077	-	-	(850)	-
Kandilli Gayrimenkul	178.753	10.538	168.215	84.107	-	6.143	3.072
Doğan Burda	58.706	31.549	27.157	12.226	66.193	4.026	1.813
Doğan Egmont	69.408	31.684	37.724	18.862	47.111	(708)	(354)
Ultra Kablolu	7.229	25	7.204	3.602	-	(420)	(210)
Total	1.109.802	75.425	1.034.377	118.797	113.304	8.191	4.321
Boyabat Elektrik ⁽²⁾	1.832.028	5.098.379	(3.266.351)	(110.254)	126.672	(1.936.091)	(172.129)
Aslancık Elektrik	468.953	719.840	(250.887)	(83.621)	93.217	(211.172)	(70.384)

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

31 December 2017	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit loss
Doruk Finansman ⁽³⁾	-	-	-	-	3.132	(4.404)	(2.114)
Gas Plus Erbil ⁽¹⁾	494.374	1.768	492.606	246.303	-	(769)	(385)
Kandilli Gayrimenkul	171.036	8.964	162.072	81.036	-	18.741	9.371
Doğan Burda	51.220	28.090	23.130	10.413	80.437	(3.079)	(1.386)
Doğan Egmont	65.616	27.186	38.430	19.216	70.804	6.142	3.071
Ultra Kablolü	7.052	4.549	2.503	1.252	-	(212)	(106)
DPP	2.526	2.177	349	195	4.587	(430)	(241)
Total	791.824	72.734	719.090	358.415	158.960	15.989	8.210
Boyabat Elektrik ⁽²⁾	1.896.790	3.223.328	(1.326.538)	(296.969)	285.528	(514.327)	(70.369)
Aslancık Elektrik	450.455	490.579	(40.124)	(13.373)	82.612	(38.048)	(12.681)

- (1) The Group decided to end up its prospective investments in Gas Plus Erbil and book a provision for already existing investments based on the "prudence" principle of accounting, considering the following facts: there is a strong expectation of the Group management that the planned productivity from Gas Plus Erbil's fields will not be sustained and the only way of producing oil from the wells is using "heavy oil" production technology which leads to a high level of production cost; accordingly, neither a commercial benefit nor another gain is expected. On the other hand, the political uncertainties at that area were also considered by the Group management.
- (2) Although there is considerable uncertainty regarding whether the credit will or will not be paid, in the context of possible evaluations on the existence of bail of the Group to the amount equal to one year principal installment and the amount of interest arising from 50% of the Group's shares and the evaluation of the information regarding the liquidation of the loan by the banks, a provision has been booked within the principle of "prudence" of the accounting for the above mentioned bail. In this framework, the net amount of the liabilities to the Group for the provision for additional loss and the recognition of the liability amount, even after the net assets of Boyabat Elektrik have fallen to zero or below, with reference to the application of the 39th item of TAS 28, has been limit subject to the collateral amount given by Doğan Holding to the long-term project financing loan amount USD18.406 (TRY110.254) (31 December 2017: USD78.732 (TRY296.969).
- (3) Explained in Note 3. It comprise of the Group's share until the acquisition date.

The movements of investments accounted for by the equity method for the related period are as follows:

	2018	2017
1 January	48.073	96.178
Currency translation differences	53.227	3.765
Share of gain (loss) on investments accounted for by the equity method	(238.192)	822
Capital increase	5.346	-
Guarantee payment ⁽¹⁾	358.844	-
Impairment of equity participations ⁽²⁾	(302.376)	-
30 September	(75.078)	100.765

⁽¹⁾ As a result of repayment failure of the installment payments of the long term project loan that should be made by Boyabat Elektrik on 29 December 2017 and 29 June 2018, Group has paid its own portion of the loan within the scope of guarantee. In addition, as a result of recall of the Consecutive Loan Agreement with Akbank TAŞ, Group has paid its own portion of the loan. As a result of the payments made within the scope of the guarantee, the Group became a creditor of Boyabat Elektrik regarding the related amounts and the impairment was recognized in the consolidated financial statements for the aforementioned receivable.

⁽²⁾ The Group decided to end up its prospective investments in Gas Plus Erbil and book a provision for already existing investments based on the "prudence" principle of accounting, considering the following facts: there is a strong expectation of the Group management that the planned productivity from Gas Plus Erbil's fields will not be sustained and the only way of producing oil from the wells is using "heavy oil" production technology which leads to a high level of production cost; accordingly, neither a commercial benefit nor another gain is expected. On the other hand, the political uncertainties at that area were also considered by the Group management.

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

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

Condensed statement of financial position information:

30 September 2018	Boyabat Elektrik	Aslancık Elektrik	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont	Total
Cash and cash equivalents	26.887	19.759	2.279	7.365	20.799	207	2.244	79.540
Other current assets	59.397	5.961	87	-	33.108	6.922	60.649	166.124
Other non-current assets	1.745.744	443.233	176.387	788.341	4.799	100	6.515	3.165.119
Total assets	1.832.028	468.953	178.753	795.706	58.706	7.229	69.408	3.410.783
Short-term borrowings	4.834.056	309.401	-	-	-	-	4.500	5.147.957
Other short-term liabilities	32.953	37.329	221	360	24.264	8	27.184	122.319
Liabilities regarding finance sector	-	-	-	-	-	-	-	-
Long-term borrowings	-	372.724	-	-	-	-	-	372.724
Other long-term liabilities	231.370	386	10.317	1.269	7.285	17	-	250.644
Total liabilities	5.098.379	719.840	10.538	1.629	31.549	25	31.684	5.893.644
Net assets:	(3.266.351)	(250.887)	168.215	794.077	27.157	7.204	37.724	(2.482.861)
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,50</i>	<i>0,50</i>	<i>0,45</i>	<i>0,50</i>	<i>0,50</i>	
Group's net asset share	(110.254)	(83.621)	84.107	-	12.226	3.602	18.862	(75.078)

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

Condensed statement of financial position information (Continued):

31 December 2017	Boyabat Elektrik	Aslancık Elektrik	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont	DPP	Total
Cash and cash equivalents	1.049	17.611	1.641	482	13.259	20	549	479	35.090
Other current assets	52.075	8.317	8	-	31.832	6.919	58.524	1.510	159.185
Other non-current assets	1.843.666	424.527	169.387	493.892	6.129	113	6.543	537	2.944.794
Total assets	1.896.790	450.455	171.036	494.374	51.220	7.052	65.616	2.526	3.139.069
Short-term borrowings	417.596	110.647	-	-	-	4.523	1.500	-	534.266
Other short-term liabilities	64.921	33.363	23	968	20.280	9	25.685	374	145.623
Liabilities regarding finance sector	-	-	-	-	-	-	-	-	-
Long-term borrowings	2.574.502	346.214	-	-	-	-	-	-	2.920.716
Other long-term liabilities	166.309	355	8.941	800	7.810	17	-	1.804	186.036
Total liabilities	3.223.328	490.579	8.964	1.768	28.090	4.549	27.185	2.178	3.786.641
Net assets:	(1.326.538)	(40.124)	162.072	492.606	23.130	2.503	38.431	348	(647.572)
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,50</i>	<i>0,50</i>	<i>0,45</i>	<i>0,50</i>	<i>0,50</i>	<i>0,56</i>	
Group's net asset share	(296.969)	(13.373)	81.036	246.303	10.413	1.252	19.216	195	48.073

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

Condensed statement of financial position information (Continued):

1 January - 30 September 2018	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman ⁽¹⁾	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont
Revenue	126.672	93.217	-	-	-	66.193	-	47.111
Operating profit/(loss)	23.943	37.501	-	6.821	(812)	5.758	(67)	(365)
Net financial (expense)/income	(1.934.914)	(277.467)	-	868	(38)	(150)	(364)	(1.516)
Profit/(loss) before income tax	(1.910.972)	(239.966)	-	7.689	(850)	5.614	(420)	935
Currency translation differences	-	-	-	-	259.679	-	-	-
Total comprehensive income/(loss)	(1.936.091)	(211.172)	-	6.143	258.830	4.026	(420)	(708)
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,5</i>	<i>0,45</i>	<i>0,50</i>	<i>0,50</i>
Group's net share on profit/(loss)	(172.129)	(70.384)	-	3.072	-	1.813	(210)	(354)
1 July - 30 September 2018	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman ⁽¹⁾	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont
Revenue	61.891	35.759	-	-	-	18.739	-	11.771
Operating profit/(loss)	29.877	13.507	-	(107)	(368)	1.330	(17)	(415)
Net financial (expense)/income	(1.232.886)	(171.098)	-	552	(19)	(53)	(728)	(531)
Profit/(loss) before income tax	(1.203.010)	(157.590)	-	445	(387)	1.278	(9)	-
Currency translation differences	-	-	-	-	155.253	-	-	-
Total comprehensive income/(loss)	(1.227.686)	(138.373)	-	348	154.866	453	(8)	(1.511)
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,5</i>	<i>0,45</i>	<i>0,50</i>	<i>0,50</i>
Group's net share on profit/(loss)	(26.311)	(46.120)	-	174	-	204	(4)	(756)

⁽¹⁾ Explained in Note 3.

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

Condensed statement of financial position information (Continued):

1 January - 30 September 2017	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman⁽¹⁾	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont	DPP
Revenue	204.665	71.001	3.132	-	-	57.306	-	49.055	3.450
Operating profit/(loss)	19.496	24.558	(5.032)	16.290	(531)	(5.003)	(129)	1.568	1.041
Net financial (expense)/income	(287.384)	(32.170)	-	50	(27)	(142)	178	971	-
Profit/(loss) before income tax	(267.888)	(7.612)	(4.882)	16.340	(558)	(5.134)	48	2.896	685
Currency translation differences	-	-	-	-	2.487	-	-	-	-
Total comprehensive income/(loss)	(263.223)	(5.801)	(4.404)	14.948	1.929	(4.163)	47	3.884	(532)
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,5</i>	<i>0,45</i>	<i>0,50</i>	<i>0,50</i>	<i>0,56</i>
Group's net share on profit/(loss)	(2.118)	(1.934)	(2.114)	7.474	(279)	(1.874)	24	1.941	(298)
1 July - 30 September 2017	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman⁽¹⁾	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont	DPP
Revenue	110.226	16.833	709	-	-	16.533	-	29.740	1.310
Operating profit/(loss)	27.186	3.105	(1.642)	4.685	(128)	(2.517)	(17)	(43)	1.518
Net financial (expense)/income	(106.117)	(14.231)	-	37	(9)	(31)	92	1.498	435
Profit/(loss) before income tax	(78.931)	(11.126)	(1.642)	9.411	(136)	(2.548)	74	1.812	1.127
Currency translation differences	-	-	-	-	5.637	-	-	-	-
Total comprehensive income/(loss)	(79.137)	(9.035)	(1.387)	26	5.502	(2.053)	73	1.083	(55)
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,5</i>	<i>0,45</i>	<i>0,50</i>	<i>0,50</i>	<i>0,56</i>
Group's net share on profit/(loss)	(2.897)	(3.012)	(666)	13	(68)	(924)	37	542	(32)

⁽¹⁾ Consists of the Group's share until the date of purchase.

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NOTE 5 - SEGMENT REPORTING

a) External revenue

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Fuel distribution	5.959.601	2.410.911	3.877.750	1.547.401
Electricity production and distribution	1.489.822	715.284	727.423	264.081
Industry	329.034	109.948	222.448	80.599
Automotive trade and marketing	206.015	67.438	189.249	89.620
Financing and investment	215.475	85.165	61.127	29.378
Other	591.614	211.496	320.990	126.515
	8.791.561	3.600.242	5.398.987	2.137.594

b) Profit/(loss) before income tax

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Fuel distribution	(460.002)	(132.935)	19.482	5.931
Electricity production and distribution	28.253	4.136	15.904	9.574
Industry	15.697	(4.027)	12.476	3.870
Automotive trade and marketing	(517)	(5.952)	(1.000)	1.999
Financing and investment	92.336	40.648	22.902	8.004
Other	4.950.573	1.105.160	(66.683)	(86.920)
	4.626.340	1.007.030	3.081	(57.542)
Profit/(Loss) of discontinued operations before income taxes	(57.710)	-	(211.782)	(77.165)
	4.568.630	1.007.030	(208.701)	(134.707)

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

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 1 January - 30 September 2018:

	Fuel Distribution ⁽¹⁾	Electricity Production and Distribution	Industry	Automotive Trade and Marketing	Financing and Investment	Other	Inter Segment Elimination	Total
External revenue	5.959.601	1.489.822	329.034	206.015	215.475	591.614	-	8.791.561
Inter segment revenue	7.945	5.963	-	32	4.246	68.842	(87.028)	-
Total revenue	5.967.546	1.495.785	329.034	206.047	219.721	660.456	(87.028)	8.791.561
Revenue	5.967.546	1.495.785	329.034	206.047	219.721	660.456	(87.028)	8.791.561
Cost of sales	(5.670.582)	(1.379.840)	(248.129)	(171.373)	(130.278)	(411.062)	9.599	(8.001.665)
Gross profit/(loss)	296.964	115.945	80.905	34.674	89.443	249.394	(77.429)	789.896
General administrative expenses	(17.141)	(11.034)	(17.572)	(12.271)	(19.331)	(114.804)	16.447	(175.706)
Marketing expenses	(146.289)	(15.384)	(17.013)	(16.554)	-	(70.040)	4.040	(261.240)
Share of gain/(loss) on investments accounted for by the equity method	-	(70.384)	-	-	-	(167.808)	-	(238.192)
Other income/(expenses) from operating activities, net	(40.763)	136.246	(4.348)	20.723	22.200	1.461.191	(970)	1.594.279
Income/(expenses) from investment activities, net	(299.460)	6.856	395	768	30	3.722.984	-	3.431.573
Financial income/(expense), net	(253.313)	(133.992)	(26.670)	(27.857)	(6)	(130.344)	202	(571.980)
Profit/(loss) before taxation from continued operations	(460.002)	28.253	15.697	(517)	92.336	4.950.573	(57.710)	4.568.630
Loss before taxation from discontinued operations							57.710	

- (1) The Group decided to end up its prospective investments in Gas Plus Erbil and book a provision for already existing investments based on the "prudence" principle of accounting, considering the following fact: there is a strong expectation of the Group management that the planned productivity from Gas Plus Erbil's fields will not be sustained and the only way of producing oil from the wells is using "heavy oil" production technology which leads to a high level of production cost; accordingly, neither a commercial benefit nor another gain is expected. On the other hand, the political uncertainties at that area were also considered by the Group management.

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 1 July - 30 September 2018:

	Fuel Distribution	Electricity Production and Distribution	Industry	Automotive Trade and Marketing	Financing and Investment	Other	Inter Segment Elimination	Total
External revenue	2.410.911	715.284	109.948	67.438	85.165	211.496	-	3.600.242
Inter segment revenue	4.632	2.051	-	1	52	3.035	(9.771)	-
Total revenue	2.415.543	717.335	109.948	67.439	85.217	214.531	(9.771)	3.600.242
Revenue	2.415.543	717.335	109.948	67.439	85.217	214.531	(9.771)	3.600.242
Cost of sales	(2.289.398)	(658.052)	(78.544)	(52.255)	(50.730)	(138.404)	4.990	(3.262.393)
Gross profit/(loss)	126.145	59.283	31.404	15.184	34.487	76.127	(4.781)	337.849
General administrative expenses	(5.766)	(4.066)	(7.348)	(4.567)	(7.180)	(41.299)	4.077	(66.149)
Marketing expenses	(50.136)	(6.023)	(6.127)	(6.138)	-	(23.375)	1.536	(90.263)
Share of gain/(loss) on investments accounted for by the equity method	-	(46.120)	-	-	-	(26.693)	-	(72.813)
Other income/(expenses) from operating activities, net	(42.103)	73.578	(5.639)	8.318	14.501	1.197.604	(519)	1.245.740
Income/(expenses) from investing activities, net	1.221	2.406	126	742	(1.183)	(19.362)	269	(15.781)
Financial income/(expenses), net	(162.296)	(74.922)	(16.443)	(19.491)	23	(57.842)	(582)	(331.553)
Profit/(loss) before taxation from continued operations	(132.935)	4.136	(4.027)	(5.952)	40.648	1.105.160	-	1.007.030
Loss before taxation from discontinued operations							-	

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 1 January - 30 September 2017:

	Fuel Distribution	Electricity Production and Distribution	Industry	Automotive Trade and Marketing	Financing and Investment	Other	Inter Segment Elimination	Total
External revenue	3.877.750	727.423	222.448	189.249	61.127	320.990	-	5.398.987
Inter segment revenue	9.494	19.262	-	4.553	1.476	201.973	(236.758)	-
Total revenue	3.887.244	746.685	222.448	193.802	62.603	522.963	(236.758)	5.398.987
Revenue	3.887.244	746.685	222.448	193.802	62.603	522.963	(236.758)	5.398.987
Cost of sales	(3.665.009)	(687.687)	(178.630)	(168.090)	(31.976)	(382.667)	11.746	(5.102.313)
Gross profit/(loss)	222.235	58.998	43.818	25.712	30.627	140.296	(225.012)	296.674
General administrative expenses	(18.683)	(4.167)	(12.412)	(7.708)	(7.521)	(85.305)	9.593	(126.203)
Marketing expenses	(144.541)	(15.532)	(12.369)	(21.694)	(415)	(54.310)	5.962	(242.899)
Share of gain/(loss) on investments accounted for by the equity method	(279)	(1.934)	-	-	(2.114)	5.149	-	822
Other income/(expenses) from operating activities, net	(4.612)	38.645	51	7.259	2.328	44.738	(2.408)	86.001
Income/(expenses) from investment activities, net	847	3.251	(13)	75	(1)	(64.604)	-	(60.445)
Financial income/(expenses), net	(35.485)	(63.357)	(6.599)	(4.644)	(2)	(52.647)	83	(162.651)
Profit/(loss) before taxation from continued operations	19.482	15.904	12.476	(1.000)	22.902	(66.683)	(211.782)	(208.701)
Loss before taxation from discontinued operations							211.782	

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 1 July - 30 September 2017:

	Fuel Distribution	Electricity Production and Distribution	Industry	Automotive Trade and Marketing	Financing and Investment	Other	Inter Segment Elimination	Total
External revenue	1.547.401	264.081	80.599	89.620	29.378	126.515	-	2.137.594
Inter segment revenue	4.635	13.246	-	1.155	462	65.398	(84.896)	-
Total revenue	1.552.036	277.327	80.599	90.775	29.840	191.913	(84.896)	2.137.594
Revenue	1.552.036	277.327	80.599	90.775	29.840	191.913	(84.896)	2.137.594
Cost of sales	(1.457.112)	(251.423)	(65.700)	(77.676)	(17.564)	(196.815)	4.502	(2.061.788)
Gross profit/(loss)	94.924	25.904	14.899	13.099	12.276	(4.902)	(80.394)	75.806
General administrative expenses	(7.783)	(2.167)	(5.143)	(3.257)	(1.679)	(26.637)	2.649	(44.017)
Marketing expenses	(54.513)	(4.803)	(4.517)	(6.024)	(415)	(17.223)	(1.628)	(89.123)
Share of gain/(loss) on investment accounted for by the equity method	(68)	(3.012)	-	-	(2.114)	(1.813)	-	(7.007)
Other income/(expenses) from operating activities, net	(6.539)	15.493	3.187	384	457	(1.102)	(754)	11.126
Income/(expenses) from investment activities, net	847	3.100	(610)	72	(521)	(18.921)	(1.444)	(17.477)
Financial income/(expenses), net	(20.937)	(24.941)	(3.946)	(2.275)	-	(16.322)	4.406	(64.015)
Profit/(loss) before taxation from continued operations	5.931	9.574	3.870	1.999	8.004	(86.920)	(77.165)	(134.707)
Loss before taxation from discontinued operations							77.165	

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NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets

	30 September 2018	31 December 2017
Total assets		
Fuel distribution	2.085.932	1.776.542
Electricity production and distribution	1.388.381	1.192.803
Industry	325.678	228.372
Automotive trade and marketing	355.051	172.014
Financing and investment	1.023.892	984.842
Other	10.978.532	11.755.479
Total	16.157.466	16.110.052
Less: Segment elimination ⁽¹⁾	(3.507.974)	(6.831.541)
Total assets per consolidated financial statements	12.649.492	9.278.511
Shareholder's equity	30 September 2018	31 December 2017
Fuel distribution	40.917	67.654
Electricity production and distribution	130.338	112.155
Industry	48.595	41.309
Automotive trade and marketing	(2.864)	3.463
Financing and investment	125.131	48.692
Other	8.851.040	7.220.320
Total	9.193.157	7.493.593
Less: Segment elimination ⁽²⁾	(1.884.056)	(4.885.230)
Total shareholders' equity per consolidated financial statements	7.665.646	3.000.066
Non-controlling interests	356.545	391.703
Equity attributable to equity holders of the parent company	7.309.101	2.608.363

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

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

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NOTE 5 - SEGMENT REPORTING (Continued)

e) **Purchase of property, plant and equipment, intangible assets and investment properties and depreciation and amortization charge**

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
<u>Purchases</u>				
Fuel distribution	139.261	43.609	123.582	74.832
Electricity production and distribution	4.781	3.565	82.900	44.885
Industry	25.538	13.508	15.689	5.116
Automotive trade and marketing	733	52	1.607	419
Financing and investment	489	83	1.404	576
Other	98.700	21.487	40.816	28.622
Purchases related to sold companies	159.255	-	353.181	95.240
Total	428.757	82.304	619.179	249.690
<u>Depreciation and amortization</u> ⁽¹⁾				
Fuel distribution	83.387	26.866	69.799	28.340
Electricity production and distribution	22.942	7.852	24.833	9.389
Industry	8.199	2.877	6.422	1.983
Automotive trade and marketing	5.694	1.824	8.784	2.875
Financing and investment	358	129	229	135
Other	33.335	11.831	28.931	19.975
Depreciation and amortization related to sold companies	118.076	-	276.857	71.361
Total	271.990	51.379	415.853	134.058

(1) Depreciation expense related to other segment amounting to TRY 251 has been recognised under inventory account (30 September 2017: TRY 392).

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NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Cash	3.250	9.214
Banks		
- Demand deposits	413.367	215.401
- Time deposits	5.324.904	1.379.444
Other liquid assets	14.607	104.408
	5.756.128	1.708.467

As of 30 September 2018 the gross effective interest rates of USD, EUR and TRY denominated time deposits of the Group are between gross 5,70% and 9,00% (31 December 2017: 1,00% and 4,00%), 1,90% and 4,50% (31 December 2017: 0,01% and 1,85%) and 14% and 26,00% (31 December 2017: 1,00% and 15,00%) and the maturity of the time deposits is shorter than 3 months.

As of 30 September 2018 other liquid assets consist of credit card slip receivables amounting to TRY 14.607 (31 December 2017: TRY 104.408). Blocked deposits are not available (31 December 2017: None).

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 30 September 2018, 31 December 2017, 30 September 2017 and 31 December 2016 are as follows:

	30 September 2018	31 December 2017	30 September 2017	31 December 2016
Cash and cash equivalents	5.756.128	1.708.467	1.628.745	1.512.163
Accrued interest (-)	(11.815)	(641)	(438)	(3.286)
Cash and cash equivalents	5.744.313	1.707.826	1.628.307	1.508.877

As explained in Note 30, Group provided TRY 4.100.976 cash inflow due to asset sales in the period.

NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

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

	30 September 2018	31 December 2017
Private sector bonds and bills		
<i>Financial assets carried at fair value through other comprehensive income</i>	417.329	70.808
<i>Financial assets at fair value through profit or loss</i>	933	933
Blocked deposits ⁽¹⁾	-	2
	418.262	71.743

⁽¹⁾ As of 30 September 2018 Doğan Holding has no blocked bank deposits for its subsidiaries. (31 December 2017: TRY 2).

Private sector bonds and bills are dominated in TRY and USD and their interest rates range are annually 3,92% - 20,50% and 3,75% - 8,75% respectively (31 December 2017: TRY 15,68% and USD 5,36%).

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

b) Long-term financial investments

The Group's financial assets classified as long term financial investments are as follows

	30 September 2018		31 December 2017	
	TRY	(%)	TRY	(%)
Financial assets carried at fair value through other comprehensive income ⁽¹⁾				
<i>Lexin Nassau L.P.</i> ⁽²⁾⁽³⁾	152.585	22,15	96.080	22,15
<i>Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.</i> ⁽⁴⁾	-	-	2.700	<1
<i>Other</i> ⁽⁴⁾	-	-	4.098	<1
Financial assets at fair value through profit or loss				
<i>Mediterra Capital Partners I LP</i>	18.117	1,88	10.665	1,88
<i>Mediterra Capital Partners II LP</i>	10.650	3,01	3.750	2,23
<i>Insider SG PTE Limited</i> ⁽⁵⁾	9.927	3,28	5.191	3,28
<i>Düş Yeri Bilişim Teknolojileri ve Animasyon A.Ş.</i>	2.653	3,75	2.653	3,75
	193.932		125.137	

⁽¹⁾ The explanations of accounting policy changes have been disclosed in Note 2.1.3

⁽²⁾ Lexin Nassau L.P. is classified under long term investments of M Investment, a subsidiary of the Group. The investment is accounted for as available-for-sale financial assets and at 30 September 2018 the fair value is booked TRY 152.585 (USD 25.352). Group has paid TRY 2.208 (USD 600 equivalent) for the capital increase of Lexin Nassau L.P. made on 11 April 2017 and has participated in its own share rate.

⁽³⁾ As the following situations are not present, the Group does not carry out any significant activities on the subsidiary:

- Being represented by the board of directors or similar executive body of the invested entity,
- Participating in the entity's policy determination processes including dividends or other distribution decisions,
- Carrying out important transactions between the investor and invested entities,
- Providing know-how required for business operations or administrative officer exchange between entities

⁽⁴⁾ As explained in note 30, sales of related financial assets have been realized within the context of share sale and transfer transactions.

⁽⁵⁾ Shares of Sosyo Plus Bilgi Bilişim Teknolojileri Danışmanlık Hizmetleri Ticaret A.Ş. has been transferred to Insider SG PTE Limited on 19 January 2018.

The movements of long-term financial investments for the related period are as follows:

	2018	2017
1 January	125.137	76.716
Purchase of available for sale financial assets	5.093	2.297
Change in fair value	21.128	(344)
<i>Recognized in equity</i>	7.132	(393)
<i>Recognized in the statement of income</i>	13.996	49
Subsidiary disposal	(6.798)	-
Currency translation differences	49.372	3.606
30 September	193.932	81.931

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NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowings

The details of financial borrowings at 30 September 2018 and 31 December 2017 are as follows:

Short-term borrowings:	30 September 2018	31 December 2017
Short-term bank borrowings	2.103.171	1.491.156
Financing bond (*)	32.130	66.916
Factoring borrowings	2.232	-
Finance lease borrowings	4.280	151
Total	2.141.813	1.558.223
Short-term portions of long-term borrowings:	30 September 2018	31 December 2017
Short-term portions of long-term bank borrowings	431.308	1.059.380
Total	431.308	1.059.380
Long-term borrowings:	30 September 2018	31 December 2017
Long-term bank borrowings	791.442	747.215
Finance lease borrowings	4.505	-
Total	795.947	747.215

(*) The Group's subsidiary, Doruk Faktoring, issued and sold bonds to qualified investors, without a public offering, on 6 September 2018. The nominal value of the bonds amounts to TRY55.000.000 (exact) with the maturity of 176 days. The simple interest rate until the first coupon payment term is 6,6152% and the annual interest rate is 27,4380%. The first coupon payment term of TRY 55.000.000 (exact) nominally is 3 December 2018, the second coupon and principal payment term is 1 March 2019. The financing bonds the Group purchased amounting to TRY 22.870.000 (exact) were eliminated on consolidation.

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

Details of the bank borrowings and financing bonds as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018			31 December 2017		
	Interest rate per annum (%)	Original currency	TRY	Interest rate per annum (%)	Original currency	TRY
Short-term bank borrowings:						
TRY denominated bank borrowings	15,4 - 42,9	1.404.683	1.404.683	4,30 - 19,00	1.209.567	1.209.567
USD denominated bank borrowings	5,9 - 5,9	94.819	567.983	2,48 - 2,97	13.521	50.999
EUR denominated bank borrowings	0,65 - 4,25	18.776	130.505	0,75 - 3,75	48.956	221.062
Other bank borrowings	-	-	-	12,51 - 12,51	145.500	9.528
Subtotal			2.103.171			1.491.156
Short-term financing bonds:						
TRY denominated financing bonds			32.130			66.916
Subtotal			32.130			66.916
Short-term portion of long-term bank borrowings:						
TRY denominated bank borrowings	15,3 - 16,5	102.607	102.607	5,50 - 17,33	445.856	445.856
USD denominated bank borrowings	4,95 - 6,40	5.797	34.725	3,7 - 5,34	32.304	121.848
EUR denominated bank borrowings	0,65 - 4,68	42.296	293.976	2 - 5,71	108.886	491.676
Subtotal			431.308			1.059.380
Total short-term bank borrowings and financing bonds			2.566.609			2.617.452
Long term bank borrowings:						
TRY denominated bank borrowings	5 - 17,75	255.000	255.000	5,5 - 16,5	360.863	360.863
USD denominated bank borrowings	5,98 - 6,4	20.070	120.223	-	-	-
EUR denominated bank borrowings	0,65 - 4,68	59.883	416.219	2,15 - 4,67	79.180	357.539
Other bank borrowings	-	-	-	12,33 - 12,33	440.000	28.813
Total long-term bank borrowings			791.442			747.215

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

a) Financial borrowings (Continued)

The reconciliation of the net financial borrowings as of 30 September 2018 and 31 December 2017 are as follows:

	2018	2017
Cash and cash equivalents (Note 6)	(5.756.128)	(1.708.467)
Short term borrowings	2.573.121	2.617.603
Long term borrowings	795.947	747.215
Other financial liabilities	-	666.291
Net financial liabilities/(assets)	(2.387.060)	2.322.642

	Short and long term borrowings	Cash and cash equivalents	Net financial liability
Balances as of 1 January 2018	4.031.109	(1.708.467)	2.322.642
Cash flow effect	660.745	(3.969.327)	(3.308.582)
Effect of acquisition of subsidiary	20.032	735	20.767
Currency translation adjustments	(334.260)	(360.870)	(695.130)
Interest accrual, net	98.381	11.815	110.196
Effect of sale of subsidiary (Note 30)	(1.106.939)	269.986	(836.953)
Balances as of 30 September 2018	3.369.068	(5.756.128)	(2.387.060)

The redemption schedule of long-term bank borrowings as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	31 December 2017
2018	-	61.851
2019	116.343	459.607
2020	439.176	134.179
2021 and after	235.923	91.578
	791.442	747.215

The floating rate short and long term bank borrowings of the Group denominated in EUR have interest rates fluctuating between Euribor + 0,65% and Euribor + 5,00% (31 December 2017: USD; Libor +3,80% EUR; Euribor +2,60% and Euribor+5,00%).

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

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

a) Financial borrowings (Continued)

Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through financial leasing agreements. As of 30 September 2018, total lease payment commitments of the Group relating to such short and long term lease agreements are TRY8.785. (31 December 2017: TRY 151).

Repayment schedule of long term financial leases as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
2019	2.505	-
2020	1.152	-
2021	848	-
Total	4.505	-

Allocation of borrowings with fixed and floating interest rates of the Group excluding financial liabilities to be paid to the suppliers as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Financial borrowings with fixed interest rates (Note 34)	2.523.603	2.798.258
Financial borrowings with floating interest rates (Note 34)	845.465	566.560
Total	3.369.068	3.364.818

b) Other financial liabilities

As of 30 September 2018 and 31 December 2017, details of other financial liabilities are presented below.

Other long term financial liabilities:	30 September 2018	31 December 2017
Sales and purchase options of shares (Note 17)	-	666.291
	-	666.291

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables from non- related parties

	30 September 2018	31 December 2017
Trade receivables	2.081.353	2.197.200
Notes and cheques receivable	395.927	278.457
Income accruals	5.699	15.639
Total	2.482.979	2.491.296
Less: Unearned financial income due to sales with maturity	(15.690)	(9.507)
Less: Provision for expected credit losses (-)	(1.717)	-
Less: Provision for doubtful receivables (-)	(62.844)	(257.243)
Total	2.402.728	2.224.546

The average maturity of not overdue trade receivables of the Group that are followed up by Doruk Faktoring is between 64 to 81 days as of the statement of financial position date (31 December 2017: 72 - 104 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is TRY 19,75%, USD 4,35%, EUR 2,68% (31 December 2017: TRY 15,38%, USD 3,75%, EUR 2,41%). The rate used in this method is determined on the basis of compound interest called "effective interest rate"; which has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

<u>Long-term trade receivables from non- related parties</u>	30 September 2018	31 December 2017
Notes and cheques receivable ⁽¹⁾	53.821	30.380
Unearned financial income due to sales with maturity	(8.226)	(8.597)
	45.595	21.783

- ⁽¹⁾ The amount consists of long term notes receivable due to the fuel sales amounting to gross TRY 34.929 (31 December 2017: TRY 30.120) and other trade activities of TRY 18.892 (31 December 2017: TRY 260) with a discounted amount of TRY 26.703 (31 December 2017: TRY 21.604) and other activities of TRY 18.892 (31 December 2017: TRY 179).

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2018	2017
1 January	(257.243)	(273.204)
Opening effect of TFRS 9 (Note 2)	(981)	-
Reported	(258.224)	(273.204)
Provision from continued operations in the current period (Note 27)	(10.649)	(3.491)
Expected credit loss	(1.717)	-
Written off uncollectible receivables ⁽¹⁾	753	75
Currency translation differences	(429)	(981)
Collections and reversal of provisions	-	11.179
Disposal of subsidiary	207.422	(22.438)
30 September	(62.844)	(288.860)

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

Guarantees for trade receivables

As of 30 September 2018, although trade receivables amounting to TRY 128.801 (31 December 2017: TRY 281.744), 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 30 September 2018, the Group has collateral, pledge, mortgage and surety amounting to TRY 1.035.557 (31 December 2017: TRY 533.623) for trade receivables amounting to TRY 2.448.323 (31 December 2017: TRY 2.246.329) from non-related parties (Note 34).

The guarantees received consist of bank guarantee letter amounting to TRY 958.132 (31 December 2017: TRY 373.069), bails and mortgages amounting to , TRY8.707 (31 December 2017: TRY 65.126), cheques and notes amounting to TRY 10.517 (31 December 2017: TRY 62.265), receivable insurance amounting to TRY 58.201 (31 December 2017: TRY 32.284) and there is no vehicle pledge.(31 December 2017: TRY 879). Among these guarantees, bank guarantee letter amounting to TRY 20.894, bails and mortgages amounting to TRY 11.036 receivable insurance amounting to TRY 26.207, cheques and notes amounting to TRY 4.750,were received for overdue but not impaired receivables. There is no notes related to this period. (31 December 2017: bank guarantee letter amounting to TRY 37.389, bails and mortgages amounting to TRY 20.623, receivable insurance amounting to TRY 6.242) (Note 34).

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables to non-related parties

	30 September 2018	31 December 2017
Trade payables	979.130	1.196.669
Provision for liabilities and expenses	23.190	68.999
Other payables	5.895	20.778
Less: Unrealized finance expense due to purchases with maturity	(3.017)	(8.288)
Total	1.005.198	1.278.158

The average maturity of trade payables is between 40 to 153 days as of 30 September 2018 (31 December 2017: 36 to 113 days). The maturity of the trade payables of the Group varies and the effective interest rate applied for trade payables is TRY 19,75%, USD 4,35%, EUR 2,68% (31 December 2017: TRY 15,38%, USD 3,75%, EUR 2,41%). The rate used in this method is determined on the basis of compound interest called "effective interest rate"; which has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from non-related parties	30 September 2018	31 December 2017
TEİAŞ power transmission line receivables ⁽²⁾	6.871	7.259
Notes receivables ⁽¹⁾	5.473	13.412
Other miscellaneous receivables ⁽³⁾	4.044	1.998
Deposits and guarantees given	3.571	3.578
Receivables from the sale of investment property	-	2.523
Total	19.959	28.770

Other long-term receivables from non-related parties	30 September 2018	31 December 2017
Deposits and guarantees given	1.028	3.401
Receivables from the sale of investment property	-	122
Notes receivables ⁽¹⁾	-	16.031
Total	1.028	19.554

(1) Comprise of the receivables from the sale of property, plant and equipment of Neta. Receivables will be collected until 5 October 2018.

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

(3) Comprise of the short term third party trade receivables of FB Güneş Enerjisi Yatırımları A.Ş. which is acquired by Galata Wind.

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short-term payables to non-related parties	30 September 2018	31 December 2017
Taxes and funds payable	98.928	120.597
Tax base increase payables	353	2.913
Deposits and guarantees received	43	1.622
Other short-term payables ⁽¹⁾	19.730	23.823
Total	119.054	148.955

Other long-term payables to non-related parties	30 September 2018	31 December 2017
Tax base increase payables	206	932
Deposits and guarantees received	131	12.778
Other long-term payables ⁽¹⁾	32	-
Total	369	13.710

(1) Consists of the Group's subsidiaries debts arising from non-commercial activities.

NOTE 11 - INVENTORIES

	30 September 2018	31 December 2017
Finished goods and merchandise	507.043	444.973
Raw materials and supplies	222.238	122.700
Semi-finished goods	12.282	10.376
Other inventories	2.134	29.861
	743.697	607.910
Provision for impairment of inventory (-)	(2.006)	(5.948)
Total	741.691	601.962

Depreciation and amortization expenses amounting to TRY 251 have been included in cost of inventories as of 30 September 2018 (31 December 2017: TRY 138).

The movement of the provision for impairment of inventories for the interim periods ended 30 September 2018 and 2017 are as follows:

	2018	2017
1 January	(5.948)	(11.158)
Reversal of provision for impairment of inventories	87	1.837
Provision booked in the current period (Note 27)	(419)	(494)
Disposals from sale of subsidiary	4.274	(154)
30 September	(2.006)	(9.969)

NOTE 12 - BIOLOGICAL ASSETS

As of 30 September 2018, the amount of biological assets of the Group's subsidiary Kelkit Doğan Besi is TRY 24.016 (31 December 2017: None).

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NOTE 13 - INVESTMENT PROPERTIES

The movements of investment properties for the interim periods ended 30 September 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Disposal of subsidiary	Impairment adjustment	Currency translation differences	Fair value adjustment ⁽¹⁾	30 September 2018
Land	411.250	-	-	(137.053)	-	-	-	274.197
Buildings	153.697	12.736	(24.473)	(54.439)	-	44.954	(1.452)	131.023
Net book value	564.947	12.736	(24.473)	(191.492)	-	44.954	(1.452)	405.220

	1 January 2017	Additions	Disposals	Transfers	Impairment adjustment ⁽²⁾	Currency translation differences	Fair value adjustment ⁽¹⁾	30 September 2017
Land	476.846	26.789	(23.800)	-	(11.765)	-	-	468.070
Buildings	93.024	17.815	(20.615)	-	-	7.553	(2.545)	95.232
Net book value	569.870	44.604	(44.415)	-	(11.765)	7.553	(2.545)	563.302

(1) Group obtained fair value report for the “barter” investment property considering the effect of currency appreciation on the land and residential unit prices, and other factors and recognized TRY 1.452 fair value adjustment. (30 September 2017: TRY 2.545).

(2) According to fair value report of the investment properties, Group recognized TRY 11.765 fair value adjustment for transactions related to lands in the current period.

There is no collateral or mortgage on investment properties of the Group.

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NOTE 13 - INVESTMENT PROPERTIES (Continued)

As of 30 September 2018, the investment properties of the Group comprise of parts of buildings held to earn rentals, lands and properties.

Level reclassification of financial assets and liabilities measured at fair value

Investment properties of the Group, has been valued by the CMB licensed real estate valuation establishments using the market comparison analysis approach, cost approach and direct capitalisation approach methods. As a result, it was determined that the values calculated from different approaches is similar and consistent with the market comparison method and value has been determined according to the market comparison method. Real estate valuation establishments 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. According to the accounting policies stated in Note 2.2, The Group's investment properties were valued as of 31 December 2017. The following table gives information on how the fair values of the related financial asset and liabilities were determined:

			Fair value level as of the reporting date		
Financial Assets/ Financial Liabilities	Fair	Value	1. Level	2. Level	3. Level
	30 September 2018	31 December 2017			
Investment properties	405.220	564.947	-	405.220	-

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the interim periods ended 30 September 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Transfers	Acquisition of subsidiary ⁽¹⁾	Currency translation differences	Disposal of subsidiary ⁽²⁾	30 September 2018
Cost:								
Land and land improvements	201.879	141	-	481	130	1.620	(31.753)	172.498
Buildings	126.411	2.729	(47)	222	-	7.752	(72.094)	64.973
Machinery and equipment	1.430.139	7.479	(7.999)	61.260	25.928	11.450	(750.540)	777.717
Motor vehicles	144.403	6.199	(10.363)	-	-	1.106	(9.068)	132.277
Furniture and fixtures	507.106	22.833	(3.550)	1.692	5.941	510	(446.613)	87.919
Development costs of leased tangible assets	141.537	1.647	(14)	-	-	2.600	(71.402)	74.368
Other tangible assets	164.081	21.728	(1.800)	751	-	239	(46.698)	138.301
Construction in progress	116.389	65.804	(36.178)	(64.687)	-	1.213	(46.166)	36.375
	2.831.945	128.560	(59.951)	(281)	31.999	26.490	(1.474.334)	1.484.428
Accumulated depreciation:								
Land and land improvements	4.974	332	-	-	-	-	(405)	4.901
Buildings	62.432	3.822	(23)	-	-	6.879	(8.496)	64.614
Machinery and equipment	941.701	34.038	(7.471)	-	371	9.535	(696.772)	281.402
Motor vehicles	39.439	9.879	(5.626)	-	-	912	(4.383)	40.221
Furniture and fixtures	315.642	13.967	(2.315)	-	157	442	(289.561)	38.332
Development costs of leased tangible assets	84.305	4.456	(7)	-	-	1.685	(61.425)	29.014
Other tangible assets	64.014	15.069	(1.028)	-	-	140	(29.682)	48.513
	1.512.507	81.563	(16.470)	-	528	19.593	(1.090.724)	506.997
Net book value	1.319.438							977.431

⁽¹⁾ Explained in Note 3.

⁽²⁾ Explained in Note 30.

As of 30 September 2018, there is no mortgage on property, plant and equipment. (31 December 2017: TRY 22.578). As of 30 September 2018, the Group does not have any tangible assets acquired by financial leasing (31 December 2017: TRY 2.789).

As of 30 September 2018, total depreciation expenses amounting to TRY 272.241 (30 September 2017: TRY 416.245) corresponding tangible assets depreciation amounts to TRY 81.563 (30 September 2017: TRY 112.818) and intangible assets depreciation amounts to TRY 190.678 (30 September 2017: TRY 303.427) are allocated by TRY 229.620 (30 September 2017: TRY 288.905) to cost of sales (Note 24), TRY 32.637 (30 September 2017: TRY 31.324) to marketing expenses, TRY 9.733 (30 September 2017: TRY 14.514) to general administrative expenses (Note 25) and TRY 251 (30 September 2017: TRY 392) has been accounted in inventories. TRY 118.076 has been classified under discontinued operations. (30 September 2017: TRY 276.857).

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2017	Additions	Disposals	Transfers	Disposal of subsidiary	Acquisition of subsidiary	Currency translation differences	30 September 2017
Cost:								
Land and land improvements	182.821	172	(487)	330	-	128	1.363	184.327
Buildings	130.169	41.961	(370)	177	-	-	5.640	177.577
Machinery and equipment	1.228.635	7.027	(3.184)	76.293	(216)	5	12.802	1.321.362
Motor vehicles	206.997	9.326	(28.504)	-	-	27	210	188.056
Furniture and fixtures	495.489	27.244	(20.777)	1.147	(44)	285	638	503.982
Development costs of leased tangible assets	121.640	9.707	(1.129)	379	(2)	750	460	131.805
Other tangible assets	125.314	16.345	(618)	-	-	-	327	141.368
Construction in progress	121.153	132.290	(1.353)	(79.978)	-	-	6	172.118
	2.612.218	244.072	(56.422)	(1.652)	(262)	1.195	21.446	2.820.595
Accumulated depreciation:								
Land and land improvements	5.549	348	(487)	-	-	75	-	5.485
Buildings	84.630	5.827	(47)	1.208	-	-	4.081	95.699
Machinery and equipment	882.114	38.404	(2.447)	-	(216)	4	12.393	930.252
Motor vehicles	57.401	16.350	(13.829)	-	-	27	176	60.125
Furniture and fixtures	293.184	29.034	(13.759)	-	(42)	193	568	309.178
Development costs of leased tangible assets	73.685	8.933	(41)	-	(2)	747	240	83.562
Other tangible assets	47.754	13.922	(249)	-	-	-	167	61.594
	1.444.317	112.818	(30.859)	1.208	(260)	1.046	17.625	1.545.895
Net book value	1.167.901							1.274.700

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NOTE 15 - INTANGIBLE ASSETS

Other intangible assets:

Movements of the intangible assets for the interim periods ended 30 September 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Currency translation differences	Transfer	Disposal of subsidiary ⁽¹⁾	30 September 2018
Cost							
Customer list	260.234	-	-	8.110	-	(268.344)	-
Trade names	7.876	-	-	-	-	-	7.876
Trade names related to Media segment	44.156	-	-	986	-	(45.142)	-
Electricity production license	354.644	-	-	-	-	-	354.644
Other	625.180	26.161	(12.781)	6.616	371	(453.928)	191.619
	1.292.090	26.161	(12.781)	15.712	371	(767.414)	554.139
Accumulated amortization:							
Customer list	260.234	-	-	8.110	-	(268.344)	-
Trade names	4.331	1.181	-	-	-	-	5.512
Trade names related to Media segment	38.832	4	-	747	-	(39.583)	-
Electricity production license	29.741	5.736	-	-	-	-	35.477
Other	472.350	17.297	(9.616)	5.046	-	(358.211)	126.866
	805.488	24.218	(9.616)	13.903	-	(666.138)	167.855
Dealer agreements	235.117						283.471
Television programme rights	225.877						35.685
	947.596						705.440

Movement of television programme rights and dealer agreements for the interim period ended 30 September 2018 is as follows:

	1 January 2018	Additions	Depreciation	Currency translation differences	Disposal of subsidiary ⁽¹⁾	30 September 2018
Dealer agreements	235.117	103.100	(54.746)	-	-	283.471
Television programme rights	225.877	158.200	(111.714)	9.043	(245.721)	35.685

⁽¹⁾ Explained in Note 30.

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NOTE 15 - INTANGIBLE ASSETS (Continued)

	1 January 2017	Additions	Disposals	Currency translation differences	Acquisition of subsidiary	Disposal of subsidiary	Impairment	Transfer	30 September 2017
Cost									
Customer list	289.292	-	(4.127)	12.941	-	-	(33.107)	-	264.999
Trade names	7.876	-	-	-	-	-	-	-	7.876
Trade names related to									
Media segment	222.805	-	-	13.115	-	-	(70.561)	-	165.359
Electricity production license	354.644	-	-	-	-	-	-	-	354.644
Other	584.597	32.944	(2.651)	3.184	2.411	(1.443)	-	649	619.691
	1.459.214	32.944	(6.778)	29.240	2.411	(1.443)	(103.668)	649	1.412.569
Accumulated amortization:									
Customer list	233.574	2.275	(4.124)	11.901	-	-	-	-	243.626
Trade names	2.756	1.181	-	-	-	-	-	-	3.937
Trade names related to									
Media segment	34.934	4	-	724	-	-	-	-	35.662
Electricity production license	22.094	5.736	-	-	-	-	-	-	27.830
Other	433.929	37.234	(1.771)	2.305	2.361	(978)	-	-	473.080
	727.287	46.430	(5.895)	14.930	2.361	(978)	-	-	784.135
Dealer agreements	225.467								229.689
Television programme rights	159.477								197.959
	1.116.872								1.056.082

Movement of television programme rights and dealer agreements for the interim period ended 30 September 2017 is as follows:

	1 January 2017	Additions	Depreciation	Currency translation differences	Disposal of subsidiary	30 September 2017
Dealer agreements	225.467	46.418	(42.196)	-	-	229.689
Television programme rights	159.477	251.141	(214.801)	2.178	(36)	197.959

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NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (Continued):

Goodwill

As of 31 December 2017 goodwill amounting to, TRY 368.453 of TRY 403.713 in the consolidated statement of financial position has been derecognized from the consolidated statement of financial position due to disposal of subsidiary and goodwill amounting to TRY 7.212 has been added to the consolidated statement of financial position as of 30 September 2018 through the business combination disclosed in Note 3 in the consolidated financial statements. As of 30 September 2018 and 30 September 2017, goodwill movement is as follows:

	2018	2017
1 January	403.713	403.713
Additions (Note 3)	7.212	-
Subsidiary sales effect	(368.453)	-
30 September	42.472	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) and (Law no: 5746) R&D incentive. In this context, the incentive of the insurance premium amounting to TRY 786 (31 December 2017: TRY 792) is recorded against the labor expense under cost of goods sold in the financial statements as of 30 September 2018. These incentives are valid until 31 December 2020.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	30 September 2018	31 December 2017
Provision for lawsuits and indemnity	4.925	29.001
Other	5.537	7.723
	10.462	36.724

Movement of lawsuit provisions for the interim periods ended 30 September 2018 and 2017 is as follows:

	2018	2017
1 January	29.001	36.459
Additions in the current period (Note 27)	3.596	1.180
Currency translation differences	-	(1)
Payments of provisions	-	(7.216)
Disposal of subsidiary	(26.267)	8.366
Reversal of provisions booked in prior periods	(1.405)	(4.814)
30 September	4.925	33.974

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

The Group reserved provisions of TRY 4.925 considering the legal opinions on ongoing lawsuits and similar lawsuits finalized in the past, which were brought against it and the details of which are given below (30 September 2017: TRY 33.974). Lawsuits generally consist of material and moral indemnity cases brought against energy companies.

(a) *Lawsuits*

The amount of lawsuits filed against the Group is TRY 30.737 as of 30 September 2018 (31 December 2017: TRY 82.044).

	30 September 2018	31 December 2017
Legal cases	14.673	55.054
Commercial cases	8.469	16.336
Business cases	2.102	10.066
Other	5.493	588
Total ⁽¹⁾	30.737	82.044

(1) The amounts of the lawsuits decreased due to the disposal of the subsidiaries explained in Note 30.

(b) *Share Purchase and the Shareholder Agreements*

According to the details disclosed to public periodically in the consolidated financial statements and footnotes prepared as of 31 December 2017 and published on 8 March 2018, 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" for 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. Regarding Doğan Holding's unconditional "commitment to purchase," the remaining liability, which was recorded as long-term "other financial liability" of TRY666.291 in total based on the discounted value of cash outflows to be realized in the future in the consolidated financial statements as of 31 December 2017, has been amended the payment schedule for the "commitment to purchase," as disclosed to the public with a special circumstances disclosure on 06 April 2018. Financial liabilities amounting to TRY 838.592 comprise of accumulated discount amounting to TRY60.566 and exchange rate effect amounting to TRY 111.734 has been paid on 16 May 2018 (Note 28).

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

(c) Other

Milpa:

The Land of Ömerli

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa"), a subsidiary of the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at Istanbul Province, Pendik District, Kurtdoğan Village with an area of m² 2.238.207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 4 January 2018 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.

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". The report on the Basin Location Information of the Istanbul Water Supply and Sanitation Administrative General Directory dated as 6 December 2017 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 year 2005. To this The Forestry Directorate appealed the decision at the Supreme Court of law No: 20 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 29th. 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, Aforementioned appeal has not been accepted and the Company has been notified that Supreme Court No: 20 upheld the decision of 29th. Civil Court on 13 July 2017. On 20 July 2017, compensation lawsuit was opened due to civil wrong. There has been no significant situation to be disclosed to the public as of the report date.

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

(c) Other (Continued)

Milpa: (Continued)

The Land of Ömerli (Continued)

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area and Milpa appealed to this plan within the legal deadline. As of the date of the preparation of these financial statements, no response was received regarding the change in land development plan and the appeal to this change regarding the land in Pendik, Kurtdoğan Village. It is also known that there have been objections to the relevant construction plan from third parties as well. After the appeals to the development plan, no information has been received from the relevant authorities regarding the evaluations by Milpa. During the 8 years, no lower scale plans have been made and the zoning status of the land has not been identified yet. Construction and expropriation works for North Marmara Highway Project are continuing close to the land in Ömerli, and it was stated in the letter dated 8 December 2017 by General Directorate of Highways that the related parcels remain outside the expropriation area, and are not subject to any expropriation works. Since 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 Yenışehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including Pendik district Kurtdoğan neighborhood 1154 and 1155 parcels and Ballica, Emirli, Kurna and Kurtdoğan neighborhoods were referred to Istanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations, and also it has been learnt that the mentioned plan has been scaled on 6 December 2017. When the mentioned "Master Development Plan" is analyzed, it is seen that 30% of the land in Ömerli is allocated as "Municipal Service Area," and a large part of the remaining land is defined in the legend as "Sustainable Protection and Controlled Use Area," and a relatively smaller part as "Areas Requiring Special Measures Geologically." It is understood from the mentioned "Master Development Plan" that the part allocated as the sub-function of "Sustainable Protection and Controlled Use Area" legend was planned to be 23% "Arboretum," 25% "Recreational Area," 10% "Area to Be Protected through Forestation," 2% "Fairground," 5% "Hobby Gardens," and 5% "Camping Areas," and permission for maximum 1-floor prefabricated structuring with an average rate of 0.04 was granted for these areas. On the grounds that the legends and functions specified in the "Master Development Plan" include contradictions to law as well as planning and urban development procedures and principles, and that they violate the right of ownership, and with the request that "housing zone" legend is also accepted for the mentioned "Immovable," necessary legal and formal objections to the "Master Development Plan" were raised on 2 January 2018 within the allowed period. The objections of Milpa were rejected by İstanbul Municipality Parliamentary Commission. Milpa has filed a lawsuit for cancellation of decision on plan note amendment and the case is currently on stage of expert examination.

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 TRY 180.655 (31 December 2017:TRY 180.655) of Ömerli Land.

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

(c) Other (Continued)

Milpa: (Continued)

The Land of Ömerli (Continued)

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 (TRY equivalent 23.609) in accordance with the "assignment agreement" made in exchange for the waiving from all legal claims against Milpa and all rights arising from the building construction shared floor/revenue in return arrangement form land share for the period ending on 31 December 2017. With this purchase, Milpa's share of the land is 1.720.521 m² and 82.17%. As a result of purchase made by Milpa which is 143.068 m² a decrease in value amounting to TRY 11.765 is accounted in profit or loss table.

As per the information above, we have assessed Parcel No. 1154's fair value determined as TRY219.864 (without VAT) based on the Valuation Report dated 4 January 2018 of a real estate company, considering the reasons laid out in the landscape plan announced on 17 July 2009 with a scale of 1/100,000, such as the land being allocated as "habitat" and "recreational" areas, the parcel's topography being very steep and bumpy, the parcel being outside the central settlement areas but there being no other parcel of the same size in the region where the land is located, the land being located close to the TEM highway, the implementation of the urban development plan with a scale of 1/5000 for the region where the land is located having started although the announcement and objection stages of the master building plan are incomplete, should the said plan be completed the function and construction rights of Ömerli Land will gain certainty only with plans having a scale of 1/1000, and the Northern Marmara motorway route having become clear and the Yavuz Sultan Selim Bridge (3rd bridge) which is connected to the motorway having started to provide service. 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 TRY180.655 as of 30 September 2018. (As of 31 December 2017, the share of the Company is 1.720.521 m² and 82,17% and the share amount of Milpa is TRY 180.655). As mentioned above, lawsuit decision regarding the record decision on the Forest Land for parcel no: 1155 was approved by Court of Appeals for the 20th circuit. There is no fair value determined for the parcel no 1155 which was priorly derecognized from the statements of financial position through full amount of provision as of 31 December 2014. For Ömerli Land, security expenses amounting to TRY344 has been recognised under operational expenses (30 September 2017: TRY291) (Note 27). Additionally, no rental income has been recognised from the related property (30 September 2017: None).

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NOTE 18 – COMMITMENTS

(a) Letters of guarantee and guarantee notes given

	30 September 2018					31 December 2017						
	TRY	Equivalent	TRY	USD	EUR	Other	TRY	Equivalent	TRY	USD	EUR	Other
A. CPM's given in the name of its own legal personality												
Collaterals ⁽¹⁾	866.471		533.735	45.588	8.583	-	1.601.434		596.210	53.550	177.885	-
Pledge ⁽³⁾	-		-	-	-	-	-		-	-	-	-
Mortgage ⁽⁴⁾						-	22.578		-	-	5.000	-
B. CPM's given on behalf of the fully consolidated companies												
Collaterals ^{(1) (2)(5)}	197.727		-	4	28.444	-	228.000		40.851	34.781	-	860.000
Pledge ⁽³⁾				-	-	-	-		-	-	-	-
Mortgage ⁽⁴⁾	165.502		5.764	26.667	-	-	415.940		3.256	109.410	-	-
C. CPM's given on behalf of 3rd parties for ordinary course of business	-		-	-	-	-	25.107		25.107	-	-	-
D. Total amount of other CPM's given												
i) Total amount of CPM's given on behalf of the majority shareholders	-		-	-	-	-	-		-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-		-	-	-	-	-		-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-		-	-	-	-	-		-	-	-	-
Total	1.229.700						2.293.059					

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

(2) Doğan Holding has bail amounting to USD 26.667 given to credit institutions within the scope of financing Aslancık Elektrik's hydroelectric power plant construction (31 December 2017: USD 29.630).

(3) 33,33% shares of Aslancık Elektrik, 33% shares of Boyabat Elektrik and 100% shares of Doel were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.

(4) Bails of the Group has been presented in mortgages in the above table.

(5) There is a bail given for Galata Wind amounting to EUR 28.444

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NOTE 18 - COMMITMENTS (Continued)

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

Other CPM's given by the Group to equity ratio is 0% as of 30 September 2018 (31 December 2017: %0). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	30 September 2018		31 December 2017	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Letters of guarantees - EUR	8.252	57.357	176.273	795.962
Letters of guarantees - TRY	533.688	533.688	661.157	661.157
Letters of guarantees - USD	45.299	271.351	87.482	329.974
Letters of guarantees - Other	-	-	860.000	55.960
Guarantee notes - TRY	47	47	1.006	1.006
Guarantee notes - EUR	331	2.299	1.612	7.278
Guarantee notes - USD	293	1.752	849	3.204
Total		866.494		1.854.541

(b) Bails and mortgages given

The details of guarantees given by the Group for the financial liabilities and trade payables of the Group companies and related parties as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018		31 December 2017	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Bails - EUR	28.444	197.703	5.000	22.478
Mortgages - USD	26.667	159.739	109.410	412.684
Mortgages - TRY	5.764	5.764	3.256	3.256
Total		363.206		438.518

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NOTE 19 - OTHER ASSETS

Other current assets	30 September 2018	31 December 2017
Value added tax ("VAT") receivables	59.508	77.200
Prepaid tax and funds	11.723	12.621
Personnel advances	4.165	5.998
Job advances	3.915	1.381
Programme stocks ⁽¹⁾	-	27.810
Other	1.940	3.067
	81.251	128.077
Provision for other doubtful receivables (-)	(421)	(421)
Provision for impairment on programme stocks (-)	-	(6.496)
	80.830	121.160

⁽¹⁾ Programme stocks have been disposed as a result of the subsidiary sale described in Note 30.

Other non current assets	30 September 2018	31 December 2017
Value added tax ("VAT") receivables ⁽¹⁾	343.317	531.725
Other	386	1.550
	343.703	533.275

⁽¹⁾ Explained in Note 2.3.1.

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

The details of prepaid expenses and deferred income at 30 September 2018 and 31 December 2017 are as follows:

Short term prepaid expenses	30 September 2018	31 December 2017
Advances given ⁽¹⁾	105.349	86.643
Prepaid expenses ⁽²⁾	40.216	30.537
	145.565	117.180

⁽¹⁾ The majority of the advances given consist of advances given for electricity production and distribution segment operations and other operations.

⁽²⁾ Significant amount of prepaid expenses consists of prepaid rent expenses and insurance expenses.

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NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	30 September 2018	31 December 2017
Advances given and prepayments ^{(3) (4) (5) (6)}	91.372	36.176
Prepaid expenses for future years	6.559	3.164
	97.931	39.340

(3) Advances given and prepayments amounting to TRY 90.876 (31 December 2017: TRY 8.718) comprise of advances given regarding purchase of board of solar energy system, by Galata Wind, one of the subsidiaries of Group.

(4) Advances given and prepayments amounting to TRY 496 consists of Doğan Holding and Group's other subsidiaries (31 December 2017: TRY 10.979).

(5) As of 31 December 2017, long-term advances given amounting to TRY 8.747 consist of prepayments made by Doğan TV Holding, for programme rights of 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. Doğan TV Holding is no longer a subsidiary of the Group as of 30 September 2018 within the subsidiary sales transactions detailed in Note 30.

(6) As of 31 December 2017, TRY 7.732 of advance payments and prepayments consists of the advances paid by the Group's subsidiary Aytemiz to dealers.

Short-term deferred income	30 September 2018	31 December 2017
Deferred income ⁽¹⁾	47.452	75.394
Advances received ⁽²⁾	13.924	16.932
	61.376	92.326

(1) The majority of the deferred income consist of contractual obligations and yacht berthing income in the other segment.

(2) Significant amount of advances received consist of Marlin Otelcilik and D Yapım.

Long-term deferred income	30 September 2018	31 December 2017
Deferred income ⁽¹⁾	7.638	5.626
	7.638	5.626

(1) The majority of the deferred income consist of contractual obligations in the other segment.

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NOTE 21 - DERIVATIVE INSTRUMENTS

Currency derivative transactions

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

	30 September 2018		31 December 2017	
	Asset	Liability	Asset	Liability
Currency derivative transactions with maturity	66.893	38.807	83	1.098
Total	66.893	38.807	83	1.098

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

(a) Payables related to employee benefits

The details of payables related to employee benefits as of 30 September 2018 and 31 December 2017 are as follows. Amounts have decreased due to subsidiary sales explained in Note 30.

	30 September 2018	31 December 2017
Social security payables	7.032	21.954
Payables to personnel	6.601	14.353
	13.633	36.307

(b) Short term provisions for employment benefits

The details of short term provisions for employment benefits as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Provision for unused vacation	17.732	56.479
Personnel premium provision	251	266
	17.983	56.745

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NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) *Long term provisions for employment benefit*

Details of long term provisions for employment benefits as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Provision for employment termination benefits	28.968	122.556
	28.968	122.556

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 30 September 2018, the maximum amount payable equivalent to one month of salary is TRY 5.434,42 (31 December 2017: TRY4.732,48) for each year of service. The retirement pay provision ceiling TRY 5.434,42 which is effective from 1 July 2018, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2017: TRY 5.001,76 effective from 1 January 2018).

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

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

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NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provisions for employment benefit (Continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 September 2018, 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 11,50%⁽¹⁾ (31 December 2017: 11,50%), inflation rate applied as 7,00% (31 December 2017: 7,00%) and increase in wages applied as 7,00% (31 December 2017: 7,00%) in the calculation⁽²⁾.

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 10 years of Government Bond compound interest of 11,50%.

⁽²⁾ The upper band inflation rate of the inflation report of Central Bank of the Republic of Turkey as of the year 2018 has been used in calculating the liability for severance payment.

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

	2018	2017
1 January	122.556	119.120
Current period service cost and net interest expense from continued operations	4.600	15.653
Payments during the period due to continued operations	(6.034)	(18.631)
Disposal due to subsidiary sales	(92.154)	(259)
30 September	28.968	115.883

Total costs other than actuarial loss related to severance pay are included in the consolidated statement of profit or loss table. There are no actuarial gains / losses for the period ended as of 30 September 2018 (30 September 2017: None).

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NOTE 23 - EQUITY

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

Doğan Holding's registered capital ceiling and issued capital at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Registered authorized capital ceiling	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 30 September 2018 and 31 December 2017 are as follows:

Shareholder	Share (%)	30 September 2018	Share (%)	31 December 2017
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 36,03% of the shares (31 December 2017: 35,95%) are outstanding as of 30 September 2018 based on the Central Registry Agency's ("CRA") records.

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

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NOTE 23 - EQUITY (Continued)

Repurchased shares

With the decision dated 1 December 2016, the Board of Directors of the Group has authorized Company management for the repurchasing of Company shares by taking into consideration the announcements made by the CMB on 21 July 2016 and 25 July 2016, taking into account the fourth, fifth and sixth paragraphs of the fifth article of the CMB's Repurchase Share Notifications (II-22.1) and the eighth sentence of the twelfth article and the CMB's announcements. In this context, it has been decided that the maximum amount of fund allocated for redemption shall be TRY 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, TRY0,65 per share, from Istanbul Stock Exchange.

Share premiums (discounts)

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

	30 September 2018	31 December 2017
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 30 September 2018 and 31 December 2017 are as follows:

Restricted reserves	30 September 2018	31 December 2017
General legal reserves	189.808	187.342
Gain on sale of subsidiary's shares	-	67.979
Venture capital investment fund	57.106	57.106
Total	246.914	312.427

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NOTE 23 - EQUITY (Continued)

Accumulated Other Comprehensive Income and Losses that will not be Reclassified in Profit or Loss

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

i. Gain/(loss) on revaluation of property, plant and equipment

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. As of 30 September 2018, revaluation increase accounted under shareholders' equity is reclassified under retained earnings or accumulated losses as a result of the subsidiary sales which is described in Note 30 (31 December 2017: TRY34.820).

ii. Actuarial gains (losses) on 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. Remeasurement loss on defined benefit plans amounting to TRY6.566 is accounted under shareholders' equity and TRY35.047 of this amount is reclassified under retained earnings or accumulated losses as a result of the subsidiary sales which is described in Note 30 (31 December 2017: TRY41.613).

Accumulated Other Comprehensive Income and losses 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 TRY26.966 in the current period (31 December 2017: TRY32.196 gain).

ii. Gain/(losses) from hedge reserve

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. There is no gain or losses from cash flow hedge for the period ended in 30 September 2018. (31 December 2017: TRY665 loss).

iii. Currency translation differences

Currency translation differences consist of currency translation differences of the Group's subsidiaries and joint ventures financial statements located out of Turkey using a measurement currency other than TRY and classified under equity. The change in the currency translation difference reserve attributable to parent is TRY 184.925 and TRY 51 is attributable to non-controlling interest (31 December 2017: TRY 73.311 is attributable to parent and TRY 6.864 is attributable to non-controlling interest).

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NOTE 23 - EQUITY (Continued)

Capital Reserves and Retained Earnings

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

In accordance with the CMB regulations, “Issued 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”;
- If the difference is due to “Restricted Reserves” and “Share Premium” and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under “Retained Earnings/ (Losses)”.

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

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

Dividend Distribution

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

On the other hand,

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

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

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

NOTE 23 - EQUITY (Continued)

Dividend Distribution (Continued)

At the general shareholders meeting of the Company as of 30 March 2018;

The following legislations have been taken into consideration; Turkish Commercial Code (“TCC”), 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 2017 that are prepared in accordance with the Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) 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”, “Discontinued Operations Period Loss” and “Non-controlling Interests” are taken into consideration together, “Net Loss for the Period” amounting to Turkish Lira 471.545.000 (exact) has been observed, and after “Accumulated Losses” amounting to Turkish Lira 122.945.957,65 (exact) 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 2.279.168,25 (exact) in 2017 have been added to this amount, Turkish Lira 594.677.523,81 (exact) of “Net Loss for the Period” has been calculated and no dividend distribution has been made for the period 1 January - 31 December 2017 within the CMB regulations on profit distribution,
- In the financial records for the period 1 January 2017 - 31 December 2017 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 49.314.688,18 (exact) has been observed; but “Tax Expense for the Period” did not occur, out of the remaining Turkish Lira 49.314.688,18 (exact) “General Legal Reserve Funds” of Turkish Lira 2.465.734,41 (exact) has been reserved, and the remaining part of Turkish Lira 46.848.953,77 (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 “Sales Profit Participation Share” (DMK) of Turkish Lira 67.978.860,95 (exact) accounted under “Special Funds” as the 5-year period specified in accordance with the Tax Legislation has been completed accounted under “Extraordinary Reserves”,and accordingly, the suggestion of not distributing profit for the accounting period of 1 January - 31 December 2017 was submitted for the General Assembly’s approval and accepted by majority of votes.

The CMB’s requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution. As of the statement of financial position date, the Company’s gross amount of resources that may be subject to the profit distribution based on the statutory records, excluding share premiums / discounts, amounts to TRY 4.115.734 (31 December 2017: TRY 3.776.355).

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

NOTE 24 - REVENUE AND COST OF SALES

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Domestic sales	8.713.872	3.548.101	5.360.179	2.141.176
Foreign sales	179.158	77.753	105.404	39.221
Sales return and discounts (-)	(101.469)	(25.612)	(66.596)	(42.803)
Net sales	8.791.561	3.600.242	5.398.987	2.137.594
Cost of sales (-)	(8.001.665)	(3.262.393)	(5.102.313)	(2.061.788)
Gross profit	789.896	337.849	296.674	75.806

Sales details of fuel distribution segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Fuel sales income	5.124.869	2.057.315	3.300.283	1.323.960
LPG sales income	777.247	320.367	532.929	198.219
Other	57.485	33.229	44.538	25.222
Total	5.959.601	2.410.911	3.877.750	1.547.401

Sales details of electricity production and distribution segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Electricity sales income	1.489.822	715.284	727.423	264.081
Total	1.489.822	715.284	727.423	264.081

Sales details of industry segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Industrial income	329.034	109.948	222.448	80.599
Total	329.034	109.948	222.448	80.599

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 24 - REVENUE AND COST OF SALES (Continued)

Sales details of automotive trade and marketing segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Vehicle sales income	206.015	67.438	189.249	89.620
Total	206.015	67.438	189.249	89.620

Sales details of financing and investment segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Factoring income	171.619	67.681	58.657	28.279
Investment income	26.834	10.654	2.124	753
Financing income	17.022	6.830	346	346
Total	215.475	85.165	61.127	29.378

Sales details of other segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
External trade income	251.783	87.940	102.030	32.245
Advertisement income	136.455	47.370	75.431	21.845
Tourism income	63.484	38.288	48.371	24.077
Other ⁽¹⁾	139.892	37.898	95.158	48.348
Total	591.614	211.496	320.990	126.515

⁽¹⁾ Other sales revenue mainly consists of revenues of subscription fees and other activities.

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NOTE 24 - REVENUE AND COST OF SALES (Continued)

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Fuel distribution	(5.670.431)	(2.289.379)	(3.664.577)	(1.456.681)
Electricity production and distribution	(1.379.788)	(658.033)	(684.480)	(248.296)
Industry	(246.125)	(78.318)	(176.578)	(64.855)
Automotive trade and marketing	(171.288)	(52.169)	(168.090)	(77.676)
Financing and investment	(130.278)	(50.730)	(31.976)	(17.564)
Other	(403.755)	(133.764)	(376.612)	(196.716)
Total	(8.001.665)	(3.262.393)	(5.102.313)	(2.061.788)

Details of the cost of sales of fuel distribution segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Fuel and LPG sales cost	(5.635.065)	(2.276.523)	(3.638.868)	(1.444.773)
Other	(35.366)	(12.856)	(25.709)	(11.908)
Total	(5.670.431)	(2.289.379)	(3.664.577)	(1.456.681)

Details of the cost of sales of electricity production and distribution segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Electricity costs	(1.338.048)	(643.045)	(654.389)	(237.232)
Amortization and depreciation expenses	(24.172)	(8.572)	(13.636)	(6.008)
Personnel expenses	(1.703)	(397)	(1.871)	(941)
General production expenses	(1.699)	(572)	(1.278)	(502)
Other	(14.166)	(5.447)	(13.306)	(3.613)
Total	(1.379.788)	(658.033)	(684.480)	(248.296)

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NOTE 24 - REVENUE AND COST OF SALES (Continued)

Cost of sales details of automotive trade and marketing segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Cost of trade goods sold	(170.127)	(51.770)	(167.377)	(77.320)
Personnel expenses	(887)	(307)	(496)	(284)
Internet advertisement service cost	(274)	(92)	(217)	(72)
Total	(171.288)	(52.169)	(168.090)	(77.676)

Cost of sales details of financing and investment segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Cost of trade goods sold	(130.278)	(50.730)	(31.976)	(17.564)
Total	(130.278)	(50.730)	(31.976)	(17.564)

Cost of sales details of industry segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Raw material cost	(183.715)	(57.316)	(125.401)	(46.999)
Personnel expenses	(32.459)	(11.318)	(25.461)	(9.769)
General production expenses	(23.113)	(7.206)	(19.871)	(5.923)
Amortization and depreciation expenses	(6.838)	(2.478)	(5.845)	(2.164)
Total	(246.125)	(78.318)	(176.578)	(64.855)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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NOTE 24 - REVENUE AND COST OF SALES (Continued)

Cost of sales details of other segment are presented below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Cost of trade goods sold	(251.379)	(79.276)	(266.102)	(153.560)
Personnel expenses	(45.212)	(16.253)	(39.871)	(25.300)
Depreciation expenses	(27.939)	(8.045)	(30.556)	(5.866)
Other	(79.225)	(30.190)	(40.083)	(11.990)
Total	(403.755)	(133.764)	(376.612)	(196.716)

NOTE 25 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Marketing expenses	(261.240)	(90.263)	(242.899)	(89.123)
General administrative expenses	(175.706)	(66.149)	(126.203)	(44.017)
Operating expenses	(436.946)	(156.412)	(369.102)	(133.140)

Marketing expenses:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Personnel expenses	(53.125)	(19.186)	(39.140)	(14.285)
Transportation, storage and travel expenses	(35.291)	(13.246)	(22.430)	(8.706)
Advertisement expenses	(33.349)	(7.077)	(27.211)	(9.545)
Amortization and depreciation expenses	(32.637)	(9.028)	(31.324)	(10.567)
Amortization shares of dealer agreements	(24.249)	(6.663)	(42.196)	(17.979)
Royalty expenses	(18.027)	(6.290)	(13.517)	(6.920)
Electricity distribution expenses	(13.994)	(5.475)	(14.446)	(4.395)
Consulting expenses	(10.621)	(3.523)	(5.069)	(2.624)
Rent expenses	(8.411)	(4.723)	(4.308)	(1.688)
Outsourced service expenses	(3.758)	(1.470)	(10.417)	(4.377)
Other	(27.778)	(13.582)	(32.841)	(8.037)
Total	(261.240)	(90.263)	(242.899)	(89.123)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

NOTE 25 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)**General administrative expenses:**

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Personnel expenses	(98.049)	(39.188)	(72.012)	(23.181)
Consulting expenses	(16.260)	(4.931)	(9.561)	(2.409)
Rent expenses	(10.938)	(3.820)	(9.377)	(3.805)
Amortization and depreciation expenses	(9.733)	(2.932)	(14.514)	(10.957)
Outsourced service expenses	(8.833)	(3.370)	(5.814)	(1.884)
Various taxes	(4.689)	(905)	(2.382)	(517)
Transportation, storage and travel expenses	(4.254)	(1.200)	(1.990)	(509)
Other	(22.950)	(9.803)	(10.553)	(755)
Total	(175.706)	(66.149)	(126.203)	(44.017)

NOTE 26 - EXPENSES BY NATURE

Expenses are presented functionally for the interim periods ended 30 September 2018 and 2017 and the details are given in Note 24 and Note 25.

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**Other income from operating activities**

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Foreign exchange gains	1.612.752	1.305.641	120.989	36.472
Interest income on bank deposit	125.488	70.367	36.146	8.807
Finance income due from sales with maturity	87.178	36.846	21.975	8.373
Unrecognized provisions	9.121	1.447	6.628	2.821
Property, plant and equipment sales income	-	-	9.328	22
Utilization of VAT discount	-	-	3.074	361
Other operating income	29.283	8.813	21.576	11.287
Total	1.863.822	1.423.114	219.716	68.143

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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**NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES
(Continued)****Other expenses from operating activities**

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Foreign exchange losses	(141.152)	(108.516)	(82.515)	(48.541)
Finance expense due to purchases with maturity	(53.679)	(15.905)	(17.897)	(2.078)
Contractual expenses	(26.843)	(26.843)	-	-
Provision for doubtful receivables (Note 9)	(12.366)	(7.012)	(3.491)	(141)
Provision for lawsuits (Note 17)	(3.596)	(94)	(1.180)	(656)
Other penalties and compensations paid	(2.856)	(2.438)	(494)	(169)
Provision for impairment on inventory (Note 11)	(419)	(123)	(494)	(128)
Impairment on fair value of investment properties (Note 13)	-	-	(11.765)	-
Other operating expenses	(28.632)	(16.443)	(15.879)	(5.304)
	(269.543)	(177.374)	(133.715)	(57.017)

NOTE 28 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**Income from investment activities**

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Gain on sale of subsidiary	3.892.962	5.092	800	563
Gain on purchase of subsidiary shares	-	-	18.257	18.257
Foreign exchange gains	18.701	(4.644)	215	(738)
Interest income of marketable securities	10.471	6.766	6.290	2.060
Gain on sale of property plant and equipment and intangible assets	6.703	581	5.640	(806)
Other	2.791	781	1.533	215
	3.931.628	8.576	32.735	19.551

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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NOTE 28 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES (Continued)**Expenses from investment activities**

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Impairment of joint ventures (Note 4)	(302.376)	-	-	-
Foreign exchange loss related to share purchase commitment	(111.734)	-	(67.606)	(26.537)
Interest expense related to share purchase commitment	(60.566)	-	(23.068)	(8.667)
Interest expenses	(22.919)	(22.919)	-	-
Loss on sales of property, plant and equipment	(1.125)	(131)	(1.832)	(1.824)
Other	(1.335)	(1.307)	(674)	-
	(500.055)	(24.357)	(93.180)	(37.028)

NOTE 29 - FINANCE INCOME AND EXPENSES

The details of finance income for the interim periods ended 30 September 2018 and 2017 are as follows:

Finance income

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Income from derivative instruments	33.970	20.598	67	67
Foreign exchange gain	33.439	31.611	5.866	724
Other financial income	373	373	-	-
	67.782	52.582	5.933	791

The details of finance expenses for the interim periods ended 30 September 2018 and 2017 are as follows:

Finance expenses

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Foreign exchange loss	(418.143)	(268.720)	(80.816)	(28.781)
Interest expense on bank borrowings	(139.050)	(63.352)	(58.760)	(23.520)
Bank commission expenses	(42.033)	(11.527)	(26.086)	(9.583)
Expense from derivative instruments	(38.890)	(38.890)	-	-
Other financial expense	(1.646)	(1.646)	(2.922)	(2.922)
	(639.762)	(384.135)	(168.584)	(64.806)

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

Based on the share purchase agreement signed between the Group and Demirören Medya Yatırımları Ticaret A.Ş. and as a result of the meeting of closing provisions defined in the agreement and finalization of transaction in compliance with the legal requirements, the Group completed the sale of its own shares in the capitals of its directly and indirectly controlled subsidiaries operating in broadcasting and publishing segment, the details of which are explained in Note 1, on 16 May 2018. As a results of re-purchase of the shares held by Doğan Family members, the total consideration obtained from the transaction is USD919,000 (equivalent of TRY4,033,102).

The Group also completed the share sales in its subsidiary, Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. to Turkuvaz TK Kitap ve Kırtasiye A.Ş. in return of consideration by TRY440,000 on 30 May 2018, as a result of the meeting of closing provisions defined in the agreement and finalization of transaction in compliance with the legal requirements.

The carrying amounts of the assets and liabilities as of the aforementioned transaction dates are as follows:

	Registered value
Cash and cash equivalents	269.985
Financial investments	6.798
Trade receivables	515.224
Other receivables	25.168
Derivative instruments	1.841
Inventories	239.871
Prepaid expenses	65.958
Other current assets	160.664
Investment properties	191.492
Property, plant and equipment	383.093
Intangible assets	703.810
Deferred tax asset	15.668
Other non-current assets	110.725
Total assets	2.690.297
Borrowings	1.106.939
Trade payables	722.395
Payables related to employee benefits	18.048
Deferred income	39.009
Other payables	43.244
Current income tax liability	2.912
Provisions	200.414
Total liabilities	2.132.961
Net assets	557.336

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

As of 30 September 2018, these transactions of the related subsidiaries, realized in 1 January - 30 September 2018 interim period were reclassified as discontinued operations. In this context, Group has presented the related activities as discontinued operations in order to ensure consistency with the consolidated statement of profit or loss and related notes and statement of cash flows in the financial statements for the interim period 1 January - 30 September 2017.

	2018	2017
Revenue	718.059	1.994.851
Cost of sales (-)	(537.287)	(1.319.448)
General administrative and marketing expenses	(177.850)	(505.691)
Other income/(expense) from operating activities, net	(1.142)	12.556
Income/(expense) from investment activities, net	(618)	(100.357)
Finance income/(expense), net	(64.221)	(151.306)
Discontinued operations profit (loss) before taxation	(63.059)	(69.395)
Tax income/(expense) for the period	(3.403)	(5.772)
Deferred tax income/(expense)	(4.871)	24.340
Discontinued operations profit (loss) for the period	(71.333)	(50.827)
		2018
Cash flows from operating activities		26.688
Cash flows from investing activities		(84.556)
Cash flows from financing activities		49.390
Net cash flow generated by subsidiary		(8.478)
Details of subsidiary sales transactions are as follows:		
		2018
Total sales price		4.473.102
Registered value of net assets sold		(557.336)
Non-controlling interest		28.567
		3.944.333
Reclassification of currency translation difference		(56.463)
Sales profit after tax		3.887.870
		2018
Total sales revenue		4.473.102
Notes receivable		(99.725)
Cash held by the sold subsidiaries		(269.985)
Net cash inflow		4.103.392

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

b) The Group has sold Blu TV İletişim, one of the Group's subsidiaries, on 17 August 2018.

The registered value of the assets and liabilities whose sales details are given above as of the date of sales transaction are as follows :

	Registered value
Cash and cash equivalents	2.416
Financial investments	-
Trade receivables	4.472
Other receivables	-
Derivative instruments	-
Inventories	87
Prepaid expenses	821
Other current assets	3.603
Investment properties	-
Property, plant and equipment	516
Intangible assets	11.639
Total assets	23.554
Borrowings	-
Trade payables	22.097
Payables related to employee benefits	436
Deferred income	68
Other payables	5.079
Current income tax liability	-
Provisions	840
Deferred tax liabilities	126
Total liabilities	28.646
Net assets	(5.092)
Details of subsidiary sales transactions are as follows:	
	2018
Total sales price	-
Registered value of net assets sold	(5.092)
	(5.092)
Sales profit after tax	5.092
	2018
Total sales price	-
Cash held by the sold subsidiaries	(2.416)
Net cash outflow	(2.416)

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NOTE 31 - INCOME TAXES

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

Corporate tax

Corporate tax liabilities as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Provision for current income tax	77.301	38.821
Sale of subsidiaries	(3.403)	-
Prepaid corporate taxes	(31.898)	(24.711)
Taxes payable for the period	42.000	14.110
	30 September 2018	31 December 2017
Corporate and income taxes payable	42.000	14.110
Deferred tax liabilities, net	22.141	51.472
Total taxes	64.141	65.582

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 2018 is 22% (2017: 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 (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate of 22% 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.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Turkish Trade Registry Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. As per this law, deferred tax assets and obligations were calculated in the financial statements dated 30 September 2018, applying a tax rate of 22% for temporary differences' portion to lead to tax effects in 2018, 2019 and 2020, and at 20% for the portion to lead to tax effects in 2021 and subsequent periods.

According to, Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law ("Law No. 5024") published in the Official Gazette on December 30, 2003 and the income or corporations taxpayers whose determine their profits on the basis of the statement of financial position, the financial statements are subject to inflation adjustment starting from 1 January 2004. The merger premiums which occurred as a result of the related subsidiary mergers, 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 regulations and Tax Procedural Law, titled "Inflation Adjustment Application" with number 17 and dated 24 March 2005.

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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.

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NOTE 31 - INCOME TAXES (Continued)

Russian Federation

The corporate tax rate effective in the Russian Federation is 20% (2017: 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.

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.

In accordance with the new tax amendmend in Russian Federation, the Companies can reduce 50% of the profit occurred between 2017-2020 and total accumulated losses as of 2021. Besides, the limitation of carried forward tax losses due to accumulated losses after 2007 for up to 10 years has been removed. The Group assesses the possible effects of the new tax amendmends.

The tax rates at 30 September 2018 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

<u>Country</u>	<u>Tax rates (%)</u>
Germany	28,0
Belarus	18,0
Russia	20,0
Netherland	25,0

Belarus

Corporate tax rate effective in Belarus is 18% (2017: 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 should be given at 20 March following the financial 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% withholding tax rate. This rate might decrease in bilateral tax agreements. Tax legislations in Belarus is subject to frequent changes.

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NOTE 31 - INCOME TAXES (Continued)*Deferred tax*

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

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

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

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 30 September 2018 and 31 December 2017 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Deductible tax losses	201.777	162.895	40.280	32.579
Provision for employment termination and unused vacation benefits	46.951	179.035	9.750	31.074
Deferred financial income of trade receivables	27.802	5.418	6.116	1.192
Provision for doubtful receivables	27.671	167.900	6.088	36.938
Other	158.427	105.295	48.749	22.351
Deferred tax assets	462.628	620.543	110.983	124.134
Net differences between the tax base and carrying value of property, plant and equipment, inventories and intangible assets	(388.694)	(930.285)	(75.794)	(120.815)
Net differences between fair and tax values of investment properties	(132.656)	(209.504)	(21.983)	(30.625)
Other	(134.468)	(101.513)	(35.347)	(24.166)
Deferred tax liabilities	(655.818)	(1.241.302)	(133.124)	(175.606)
Deferred tax assets/(liabilities) ,net	(193.190)	(620.759)	(22.141)	(51.472)

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

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NOTE 31 - INCOME TAXES (Continued)

The Group recognized deferred tax assets over TRY201.777 of carry forward tax losses in the consolidated financial statements prepared in accordance with the POA's Financial Reporting Standards as of 30 September 2018 (31 December 2017: TRY162.895). As of 30 September 2018 and 31 December 2017, the maturity analysis of carry forward tax losses is as follows:

	30 September 2018	31 December 2017
2018	(16.664)	(13.117)
2019 and after	(185.113)	(149.778)
	(201.777)	(162.895)

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.

Movements for net deferred taxes for the interim periods ended at 30 September 2018 and 2017 are as follows:

	2018	2017
1 January	(51.472)	(95.207)
Current period income (expense)	42.997	8.061
Currency translation differences	1.716	813
Tax recognized under equity	286	(426)
Acquisition of subsidiary	-	478
Disposal of subsidiary	(15.668)	24.220
30 September	(22.141)	(62.061)

The taxes on income reflected to the consolidated statement of profit or loss for the periods ended 30 September 2018 and 2017 are summarized below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Tax expense for the period	(77.301)	(56.814)	(15.878)	(5.714)
Deferred tax income/(expense)	42.997	25.363	8.061	2.853
Total tax (expense)/income	(34.304)	(31.451)	(7.817)	(2.861)

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NOTE 31 - INCOME TAXES (Continued)

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 30 September 2018 and 2017 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2018	2017
Income/(Loss) before tax and non-controlling interests (*)	4.505.571	(278.096)
Current period tax income/(expense) calculated at 22% (2017: 20%) effective tax rate	(991.226)	55.619
Effect of carryforward tax losses not subject to deferred tax asset	(8.560)	(25.248)
Tax effect of adjustments related to share purchase commitments	(24.745)	(18.135)
Effect of investments accounted for by the equity method	(52.402)	(164)
Effect of expenses non- deductible / not subject to tax	(3.603)	(8.202)
Subsidiary sales gain effect	974.101	-
Expenses not subject to tax	(66.523)	2.775
Other exceptions	132.299	-
Other	(1.918)	4.106
30 September	(42.577)	10.751

(*) Includes pre-tax income/(loss) of continued and discontinued operations.

NOTE 32 - EARNING/LOSS PER SHARE

Gain/(loss) per share for each class of shares is disclosed below:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Net profit/(loss) for the period attributable to equity holders of the Parent Company	4.512.958	1.013.913	(245.950)	(71.657)
Weighted average number of shares with face value of TRY1 each	2.613.738	2.613.738	2.613.738	2.613.738
Earning/(loss) per share	1,726	0,388	(0,094)	(0,027)

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NOTE 33 - RELATED PARTY DISCLOSURES

As of the statement of financial position date, due from and to related parties and related party transactions for the interim periods ending 30 September 2018 and 31 December 2017 are disclosed below:

i) Transactions with related parties:

Short term trade receivables from related parties:

	30 September 2018	31 December 2017
Doğan Egmont ⁽²⁾	3.274	1.412
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") ⁽¹⁾	2.507	3.557
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") ⁽³⁾	1.697	553
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ^{(1) (2)}	764	217
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") ⁽¹⁾	363	680
Other	834	2.169
Total	9.439	8.588

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

(2) Receivables related to raw material sales of the Group.

(3) Receivables related to electricity sales of the Group.

Other short term receivables from related parties:

	30 September 2018	31 December 2017
Boyabat Elektrik	-	9.750
Total	-	9.750

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Transactions with related parties (Continued):

Short term trade payables to related parties

	30 September 2018	31 December 2017
Ortadoğu Otomotiv ⁽¹⁾	108	-
Doğan Burda ⁽²⁾	16	9.595
Doğan Egmont	2	15.788
Other	68	760
Total	194	26.143

(1) Comprises of the rent expenses of the Group.

(2) Comprises of the magazines purchases of the Group.

ii) Transactions with related parties:

Product and service purchases from related parties

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Boyabat Elektrik ⁽¹⁾	8.764	205	42.290	24.544
Ortadoğu Otomotiv ⁽²⁾	8.690	2.803	5.749	2.008
Adilbey Holding A.Ş. ⁽³⁾	2.257	777	1.822	813
Doğan Burda ⁽⁴⁾	400	151	436	130
Other	1.503	1.303	2.536	960
Total	21.614	5.239	52.833	28.455

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

(2) Comprises of the office rental services purchases of the Group.

(3) Comprises of the consultancy services purchases of the Group.

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

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (Continued):

Product and service sales to related parties

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Ortadoğu Otomotiv ⁽¹⁾	9.703	3.974	7.849	3.759
Doğan Egmont ⁽²⁾	8.654	3.533	8.660	2.827
Doğan Burda ⁽²⁾	7.385	2.531	6.526	2.082
D-Market ⁽³⁾	2.805	1.060	3.804	889
Gümüştaş Madencilik ⁽¹⁾⁽⁴⁾	2.546	955	5.624	1.849
Boyabat Elektrik ⁽¹⁾	945	166	5.646	5.243
Adilbey Holding A.Ş. ⁽¹⁾⁽⁵⁾	846	414	1.060	395
D Elektronik ⁽¹⁾⁽³⁾	304	53	206	87
Other	2.394	386	3.015	1.195
Total	35.582	13.072	42.390	18.326

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

(2) The balance consists of raw material sales of the Group.

(3) The balance consists of financial, legal, data processing and other consultancy services sales of the Group.

(4) The balance consists of fuel oil sales of the Group.

(5) The balance consists of general administrative services provided by the Group.

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

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

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Salaries and other				
short term benefits	14.639	5.655	10.988	3.552
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Total	14.639	5.655	10.988	3.552

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NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial Risk Management

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

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

a) Market risk

a.1) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TRY equivalents of foreign currency denominated monetary assets and liabilities as of 30 September 2018 and 31 December 2017 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.

	30 September 2018	31 December 2017
Foreign currency assets	6.148.910	1.519.522
Foreign currency liabilities	(1.977.088)	(2.583.092)
Net foreign currency position	4.171.822	(1.063.570)

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

*Financial Instruments and Financial Risk Management (Continued)**a) Market risk (Continued)**a.1) Foreign currency risk (Continued)*

Sensitivity analysis of foreign currency risk as of 30 September 2018 and 31 December 2017 and foreign currency denominated asset and liability balances are summarized below. The recorded amounts of foreign currency assets and liabilities held by the Group are as follows, in terms of foreign currency:

30 September 2018	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	155.457	9.826	13.723	1.216
2a. Monetary Financial Assets (Cash, banks included)	5.557.542	747.884	154.691	2.387
2b. Non-Monetary Financial Assets	434.745	72.308	231	-
3. Other	1.166	3	165	-
4. Current Assets (1+2+3)	6.148.910	830.021	168.810	3.603
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	6.148.910	830.021	168.810	3.603
10. Trade Payables	302.841	30.504	16.526	5.252
11. Financial Liabilities	1.027.189	100.615	61.072	-
12a. Other Monetary Liabilities	362	41	6	75
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	1.330.392	131.160	77.604	5.327
14. Trade Payables	-	-	-	-
15. Financial Liabilities	536.442	20.070	59.883	-
16a. Other Monetary Liabilities	110.254	18.406	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	646.696	38.476	59.883	-
18. Total Liabilities (13+17)	1.977.088	169.636	137.487	5.327
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)	4.171.822	660.385	31.323	(1.724)
21. Net Foreign Currency Asset/(Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	3.735.911	588.074	30.927	(1.724)

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

Financial Instruments and Financial Risk Management (Continued)

a) Market risk (Continued)

a.1) Foreign currency risk (Continued)

31 December 2017	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	129.976	18.819	12.975	404
2a. Monetary Financial Assets (Cash, banks included)	1.338.079	217.575	114.521	288
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	24.779	6.543	22	-
4. Current Assets (1+2+3)	1.492.834	242.937	127.518	692
5. Trade Receivables	268	-	57	11
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	26.420	6.845	133	-
8. Non-Current Assets (5+6+7)	26.688	6.845	190	11
9. Total Assets (4+8)	1.519.522	249.782	127.708	703
10. Trade Payables	331.925	67.030	17.358	714
11. Financial Liabilities	895.264	45.825	157.876	9.528
12a. Other Monetary Liabilities	3.005	404	328	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	1.230.194	113.259	175.562	10.242
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.052.643	-	226.737	28.813
16a. Other Monetary Liabilities	300.255	79.603	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.352.898	79.603	226.737	28.813
18. Total Liabilities (13+17)	2.583.092	192.862	402.299	39.055
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)	(1.063.570)	56.920	(274.591)	(38.352)
21. Net Foreign Currency Asset/(Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	(1.114.769)	43.532	(274.746)	(38.352)

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

Financial Instruments and Financial Risk Management (Continued)

a) Market risk (Continued)

a.1) Foreign currency risk (Continued)

As of 30 September 2018 and 31 December 2017, foreign currency denominated asset and liability balances were converted by the following exchange rates: TRY5,9902 = 1 USD and TRY6,9505 = 1 EUR (31 December 2017: TRY 3,7719 = 1 USD and TRY 4,5155 = 1 EUR).

30 September 2018	Income/(Loss)	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	791.167	(791.167)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	791.167	(791.167)
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	43.542	(43.542)
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	43.542	(43.542)
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	(345)	345
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	(345)	345
TOTAL (3+6+9)	834.365	(834.365)
31 December 2017	Income/(loss)	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	42.939	(42.939)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	42.939	(42.939)
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	(247.983)	247.983
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	(247.983)	247.983
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	(7.670)	7.670
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	(7.670)	7.670
TOTAL (3+6+9)	(212.714)	212.714

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

Financial Instruments and Financial Risk Management (Continued)

a) Market risk (Continued)

a.2) Interest rate risk

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.

As of 30 September 2018, there are no USD denominated floating rate borrowings. (31 December 2017: TRY943).

As of 30 September 2018, if interest rates on Euro denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY7.861 (31 December 2017: TRY4.551) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

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

	30 September 2018	31 December 2017
Financial instruments with fixed rate		
Financial assets		
- Bank deposits (Note 6)	5.324.904	1.379.444
- Financial investments (Note 7)	612.194	196.880
Financial liabilities (Note 8)	2.523.603	2.798.258
Financial instruments with floating rate		
Financial liabilities (Note 8)	845.465	566.560

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

Financial Instruments and Financial Risk Management (Continued)

a) Market risk (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:

	30 September 2018			31 December 2017		
	USD	EUR	TRY	USD	EUR	TRY
Assets						
Cash and cash equivalents (Note 6)	5,70 - 9,00	1,90 - 4,50	14,00 - 26,00	1,00 - 4,00	0,01 - 1,85	1,00 - 15,00
Financial investments	3,75 - 8,75	-	3,92 - 20,5	5,36	-	15,68
Liabilities						
Financial liabilities	5,98 - 6,40	0.65 - 4.68	5,00 - 40	2,48 - 2,97	0,75 - 5,71	4,30 - 19,00

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

30 September 2018	Up to- 1 year	1-5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	5.324.904	-	-	431.224	5.756.128
Financial investments (Note 7)	418.262	-	-	-	418.262
Total	5.743.166	-	-	431.224	6.174.390

Short and long term financial liabilities (Note 8) ⁽¹⁾	2.573.121	737.174	58.773	-	3.369.068
Total	2.573.121	737.174	58.773	-	3.369.068

31 December 2017	Up to- 1 year	1-5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	1.379.444	-	-	329.023	1.708.467
Financial investments (Note 7)	71.743	-	-	-	71.743
Total	1.451.187	-	-	329.023	1.780.210

Short and long term financial liabilities (Note 8) ⁽¹⁾	2.617.603	698.527	48.688	-	3.364.818
Other financial liabilities (Note 8)	-	666.291	-	-	666.291
Total	2.617.603	1.364.818	48.688	-	4.031.109

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

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

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by setting credit limits to individual counterparties. 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 30 September 2018 is as follows:

	<u>Trade receivables</u>		<u>Other receivables</u>		<u>Cash on deposit</u>
	<u>Related party</u>	<u>Other</u>	<u>Related party</u>	<u>Other</u>	
Maximum net credit risk as of the reporting date	9.439	2.448.323	-	20.987	5.752.878
- The part of maximum risk under guarantee with collateral	-	1.035.557	-	-	-
A. Net book value of neither past due nor impaired financial assets	9.439	2.319.522	-	20.987	5.752.878
- Guaranteed amount by collateral	-	972.670	-	-	-
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)	-	128.801	-	-	-
- Guaranteed amount by collateral (Note 9)	-	62.887	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, 19)	-	62.844	-	421	-
- Impairment (-) (Note 9, 19)	-	(62.844)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

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NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)***b) Credit risk (Continued)***

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

	Trade receivables		Other receivables		Cash on deposit
	Related party	Other	Related party	Other	
Maximum net credit risk as of the reporting date	8.588	2.246.329	9.750	48.324	1.699.253
- The part of maximum risk under guarantee with collateral	-	533.623	-	-	-
A. Net book value of neither past due nor impaired financial assets	8.588	1.964.585	9.750	48.324	1.699.253
- Guaranteed amount by collateral	-	469.369	-	-	-
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)	-	281.744	-	-	-
- Guaranteed amount by collateral (Note 9)	-	64.254	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, 19)	-	257.243	-	421	-
- Impairment (-) (Note 9, 19)	-	(257.243)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

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NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**b) Credit risk (Continued)**

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

	30 September 2018		31 December 2017	
	Related party	Other receivables	Related party	Other receivables
Maturity				
1-30 days overdue	-	45.076	-	102.961
1-3 months overdue	-	35.149	-	74.902
3-12 months overdue	-	28.622	-	59.945
1-5 years overdue	-	19.954	-	43.936
More than 5 years overdue	-	-	-	-
Total	-	128.801	-	281.744

Guaranteed amount by collateral

Fuel distribution	-	42.421	-	29.462
Industry	-	13.990	-	6.868
Automotive trade and marketing	-	1.393	-	11
Other	-	5.083	-	27.913
Total	-	62.887	-	64.254

	30 September 2018			31 December 2017		
	Trade receivable	Credit loss ratio	Expected credit loss^(*)	Trade receivable	Credit loss ratio	Expected credit loss^(*)
Not overdue	5.531	2,61%	144	27.550	2,65%	730
1-30 days overdue	1.002	8,14%	82	7.439	8,27%	615
1-3 months overdue	2.630	10,88%	286	1.910	11,06%	211
3-12 months overdue	7.126	18,82%	1.205	880	14,56%	128
More than 1 year overdue	-	-	-	1.741	19,13%	334
Total	16.289	-	1.717	39.520		2.018

(*) The balance consists of trade receivables of the companies for which the credit loss is calculated.

c) Liquidity risk

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

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

c) Liquidity risk (Continued)

As of 30 September 2018 and 31 December 2017, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

30 September 2018	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 liabilities (Note 8)	3.369.068	3.795.124	1.629.696	1.369.481	737.174	58.773
Trade payables (Note 9)	1.005.198	1.008.215	928.815	79.400	-	-
Other payables (Note 10)	119.423	121.292	109.964	10.959	-	369
Trade payables to related parties (Note 33)	194	194	194	-	-	-
Payables related to employee benefits (Note 22)	13.633	13.633	-	13.633	-	-
Deferred income (Note 20)	69.014	69.014	61.376	-	7.638	-
Other short-term provisions (Note 17)	10.462	10.462	-	10.462	-	-
Total	4.586.992	5.017.934	2.730.045	1.483.935	744.812	59.142

31 December 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 liabilities (Note 8)	3.364.818	3.684.427	1.025.156	1.762.701	793.345	103.225
Trade payables (Note 9)	1.278.158	1.286.447	876.689	409.758	-	-
Other financial liabilities (Note 8)	666.291	666.291	-	-	666.291	-
Other payables (Note 10)	162.665	170.799	52.251	104.838	13.710	-
Trade payables to related parties (Note 33)	26.143	26.143	-	26.143	-	-
Payables related to employee benefits (Note 22)	36.307	36.307	-	36.307	-	-
Deferred income (Note 20)	97.952	97.952	92.326	-	5.626	-
Other short-term provisions (Note 17)	36.724	36.724	-	36.724	-	-
Total	5.669.058	6.005.090	2.046.422	2.376.471	1.478.972	103.225

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

d) Fair value of financial instruments

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

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

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

Monetary assets

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

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

Trade receivables are disclosed at their amortized cost using the effective interest rate method and 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.

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

e) Capital risk management (Continued)

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.

The net liability/total equity ratio as of 30 September 2018 and 31 December 2017 is summarized below:

	30 September 2018	31 December 2017
Total liability ⁽¹⁾	4.828.466	6.158.701
Less: Cash and cash equivalents (Note 6)	(5.756.128)	(1.708.467)
Net liabilities	(927.662)	4.450.234
Equity attributable to equity holders of the parent company	7.309.101	2.608.363
Total equity	6.381.439	7.058.597
Net liability/Total equity ratio	(15%)	63%

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

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

30 September 2018 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	Instruments at fair value through profit or loss	Carrying value
Cash and cash equivalents	6	5.756.128	-	-	-	-	5.756.128
Trade receivables from non-related parties	9	2.448.323	-	-	-	-	2.448.323
Trade receivables from related parties	33	9.439	-	-	-	-	9.439
Other receivables from non-related parties	10	20.987	-	-	-	-	20.987
Other receivables from related parties	33	-	-	-	-	-	-
Derivative instruments	21	-	-	-	66.893	-	66.893
Financial investments	7	-	612.194	-	-	-	612.194
<u>Financial liabilities</u>							
Short and long term financial liabilities	8	-	-	3.369.068	-	-	3.369.068
Trade payables to non-related parties	9	-	-	1.005.198	-	-	1.005.198
Trade payables to related parties	33	-	-	194	-	-	194
Other payables to non-related parties	10	-	-	119.423	-	-	119.423
Payables related to employee benefits	22	-	-	13.633	-	-	13.633
Derivative instruments	21	-	-	-	38.807	-	38.807

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

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

31 December 2017		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	Instruments at fair value through profit or loss	Carrying value
Financial assets	Note						
Cash and cash equivalents	6	1.708.467	-	-	-	-	1.708.467
Trade receivables from non-related parties	9	2.246.329	-	-	-	-	2.246.329
Trade receivables from related parties	33	8.588	-	-	-	-	8.588
Other receivables from non-related parties	10	48.324	-	-	-	-	48.324
Other receivables from related parties	33	9.750	-	-	-	-	9.750
Derivative instruments	21	-	-	-	83	-	83
Financial investments	7	-	196.880	-	-	-	196.880
Financial liabilities							
Short and long term financial liabilities	8	-	-	3.364.818	-	-	3.364.818
Trade payables to non-related parties	9	-	-	1.278.158	-	-	1.278.158
Trade payables to related parties	33	-	-	26.143	-	-	26.143
Other payables to non-related parties	10	-	-	162.665	-	-	162.665
Payables related to employee benefits	22	-	-	36.307	-	-	36.307
Derivative instruments	21	-	-	-	1.098	-	1.098
Other financial liabilities	8	-	-	666.291	-	-	666.291

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

		Fair value level as of reporting date		
	30 September 2018	Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets				
Derivative instruments				
held for sale at fair value				
through profit or loss (Note 21)	66.893	-	-	66.893
Available-for-sale financial assets				
held at fair value				
through other comprehensive				
income statement (Note 7)	193.932	-	193.932	-
Bonds and bills (Note 7)	418.262	418.262	-	-
Total	679.087	418.262	193.932	66.893
Financial liabilities				
Derivative instruments				
held for sale at fair value				
through profit or loss (Note 21)	38.807	-	-	38.807
Total	38.807	-	-	38.807

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NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

Financial assets	31 December 2017	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Derivative instruments				
held for sale at fair value				
through profit or loss (Note 21)	83	-	-	83
Available-for-sale financial assets				
held at fair value				
through other comprehensive				
income statement (Note 7)	125.137	-	125.137	-
Bonds and bills (Note 7)	71.743	71.743	-	-
Total	196.963	71.743	125.137	83
Financial liabilities				
Derivative instruments				
held for sale at fair value				
through profit or loss (Note 21)	1.098	-	-	1.098
Total	1.098	-	-	1.098

NOTE 36 - SHARES IN OTHER OPERATIONS

Financial information of Aytemiz which is a subsidiary not wholly-owned but controlled by the Group and having significant non-controlling interest for the Group's consolidated financial statements, is presented below in accordance with TFRS 12. These financial information indicates the amounts before intra-group eliminations.

AYTEMİZ (*)	30 September 2018
Current assets	1.342.113
Non-current assets	709.332
Short-term liabilities	1.489.877
Long-term liabilities	65.416
Total equity	496.153
	1 January - 30 September 2018
Revenue	5.968.272
Cost of sales	(5.669.623)
Gross profit/(loss)	298.649
Profit/(loss) for the period	(102.737)

(*) Consist of consolidated balances.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 36 - SHARES IN OTHER OPERATIONS (Continued)

AYTEMİZ (*)

31 December 2017

Current assets	889.972
Non-current assets	640.267
Short-term liabilities	799.716
Long-term liabilities	207.632
Total equity	522.890

1 January -
30 September 2017

Revenue	4.050.192
Cost of sales	(3.826.373)
Gross profit/(loss)	223.819
Profit/(loss) for the period	18.604

(*) Consist of consolidated balances.

NOTE 37 - SUBSEQUENT EVENTS

Purchase of investment property

Orta Anadolu Otomotiv, an indirect subsidiary of the Group, purchased a real estate located in the City of İstanbul, District of Şişli, Mecidiyeköy neighborhood of 2524 Ada parcel No.:3 consisting of 182.000 m2 constructed area, and in addition to this site of metro and metrobus tunnel lines, connecting routes and bus stops, previously completed by the owner of 34.674 m2 leasable office building (86 independent sections) and 42.554 m2 leasable shopping center area (214 independent sections) for a total of TRY 850.000.000 (exact) except VAT on 3 October 2018.

Share purchase of controlling shareholder

On 15 October 2018, Adilbey Holding A.Ş., the controlling shareholder of the Group, purchased 8.000.000 Doğan Holding shares from Borsa İstanbul in the price range of TRY 1,09-1,17. As a result of the share purchase, the direct participation rate of Adilbey Holding A.Ş. in Doğan Holding has become 49,63% (Previous: 49,32%).

Participation in subsidiary capital increases

The share capital of İlke Turistik Yatırımlar A.Ş., which is 100% owned by the Group in its paid capital of TRY 168.000.000 (exact), was increased to TRY 650.000.000 (exact) all by cash and to be used in the financing of the real estate purchase of indirect subsidiary of the Group, Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. which was decided by the Board of Directors' decision dated 26 September 2018 and numbered 2018/09 and the Group used its full right to buy new shares.

The share capital of Kelkit Doğan Besi İşletmeleri A.Ş., which is 100% owned by the Group in its paid capital of TRY 32.500.000 (exact), was increased by TRY 25.000.000 (exact) all in cash to TRY 57.500.000 (exact), The Group used its full right to buy new shares.

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

NOTE 37 - SUBSEQUENT EVENTS (Continued)

The share capital of Trend Motosiklet Pazarlama A.Ş., which is 99,84% owned by the Group in its paid-in capital of TRY 8.000.000 (exact), was increased by TRY 5.000.000 (exact) all in cash, to TRY 13.000.000 (exact), and the right to purchase new shares, which were not used in capital increase, were also used by Doğan Holding as TRY 5.000.000.

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