

DOĐAN řİRKETLER GRUBU HOLDİNG A.ř.

**CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014
INTO ENGLISH TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)
INDEPENDENT AUDITOR’S REPORT**

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Doğan Şirketler Grubu Holding A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements’ Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these [consolidated] financial statements in accordance with Turkish Accounting Standards (“TAS”), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Doğan Şirketler Grubu Holding A.Ş. and its subsidiaries as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2014 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 9 March 2015.

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

Şule Firuzment Bekçe, SMMM
Partner

İstanbul, 9 March 2015

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2014 AND 2013

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

ASSETS	Notes	USD* 31 December 2014	Audited 31 December 2014	Audited 31 December 2013
Current Assets		1.621.342	3.759.729	3.977.821
Cash and cash equivalents	6	934.456	2.166.910	2.216.361
Financial investments	7	38.282	88.773	136.465
Trade Receivables				
- From related parties	33	1.522	3.530	13.976
- From non-related parties	9	379.447	879.899	788.342
Other Receivables				
-From related parties	33	10.464	24.264	5.785
- From non-related parties	10	8.764	20.323	109.724
Derivative instruments	21	200	464	839
Inventories	11	106.899	247.887	273.817
Prepaid expenses	20	28.752	66.672	59.316
Biological assets	12	10	24	219
Other current assets	19	112.546	260.983	299.126
Sub-total		1.621.342	3.759.729	3.903.970
Non-current assets held for sale	30	-	-	73.851
Non-current assets		1.344.433	3.117.606	3.610.152
Trade Receivables	9	1.255	2.911	2.724
Other Receivables				
-From related parties	33	10.030	23.258	-
-From non-related parties	10	9.580	22.216	22.687
Financial Investments	7	12.879	29.866	3.043
Investments accounted				
by the equity method	4	148.134	343.508	340.637
Investment property	13	104.997	243.478	226.164
Property, plant and equipment	14	353.803	820.434	901.284
Intangible assets				
- Goodwill	15	170.584	395.567	520.005
- Other intangible assets	15	367.532	852.269	1.055.844
Prepaid expenses	20	21.577	50.034	38.165
Deferred tax assets	31	45.637	105.827	132.903
Other non-current assets	19	98.425	228.238	366.696
Total assets		2.965.775	6.877.335	7.587.973

The consolidated financial statements for the period ended 31 December 2014 have been approved by the Board of Directors on 9 March 2015.

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

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2014 AND 2013

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

LIABILITIES	Notes	USD* 31 December 2014	Audited 31 December 2014	Audited 31 December 2013
Current Liabilities		854.092	1.980.553	2.024.293
Short-term borrowings	8	199.962	463.691	612.530
Short-term portion of long-term borrowings	8	228.926	530.857	426.418
Other financial liabilities	8	76.972	178.490	199.365
Trade payables				
- From related parties	33	7.909	18.340	38.527
- From non- related parties	9	257.246	596.527	498.152
Payables related to employee benefits	22	3.786	8.779	26.399
Derivative instruments	21	2	4	2.440
Deferred income	20	17.992	41.721	66.447
Other payables	10	21.604	50.097	53.912
Current income tax liabilities	31	3.147	7.297	17.663
Short-term provisions				
- Short-term provisions for employment benefits	22	17.183	39.846	41.373
- Other short-term provisions	17	19.323	44.809	31.581
Other current liabilities		40	95	208
Sub-total		854.092	1.980.553	2.015.015
Liabilities related to non-current assets held for sale	30	-	-	9.278
Non-Current Liabilities		856.842	1.986.932	1.563.245
Long-term borrowings	8	478.087	1.108.637	1.059.439
Other financial liabilities	8	259.877	602.629	183.182
Other payables	10	8.746	20.281	14.310
Deferred income	20	242	562	3.563
Long-term provisions				
-Long-term provisions for employment benefits	22	45.001	104.352	103.521
Deferred tax liability	31	64.832	150.338	199.145
Other non-current liabilities		57	133	85
EQUITY		1.254.841	2.909.850	4.000.435
Equity attributable to equity holders of the parent company		1.188.158	2.755.219	3.250.187
Share capital	23	1.128.526	2.616.938	2.450.000
Adjustments to share capital	23	61.894	143.526	143.526
Premiums/discounts related to shares	23	15.162	35.159	630
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss				
- Gain on revaluation of investment property	23	432	1.002	1.002
- Actuarial loss on defined retirement benefit plans	23	(13.359)	(30.979)	(29.577)
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss				
- Currency translation differences		22.008	51.034	143.215
- Gain/(loss) on revaluation and reclassification	23	(1.801)	(4.177)	(1.153)
Restricted reserves	23	552.490	1.281.168	1.142.663
Accumulated losses	23	(480.178)	(1.113.482)	(561.979)
Net loss for the period		(97.016)	(224.970)	(38.140)
Non-controlling interests		66.683	154.631	750.248
Total liabilities		2.965.775	6.877.335	7.587.973
Commitments	18			

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

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS
31 DECEMBER 2014 AND 2013**

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

	Notes	USD(*) 1 January- 31 December 2014	Audited 1 January - 31 December 2014	Audited 1 January 31 December 2013
Continued Operations				
Revenue	24	1.527.993	3.543.263	3.301.327
Cost of sales (-)	24	(1.190.051)	(2.759.609)	(2.454.189)
Gross Profit	24	337.942	783.654	847.138
Marketing, sales and distribution expenses (-)	25	(221.252)	(513.062)	(461.120)
General administrative expenses (-)	25	(146.294)	(339.240)	(371.896)
Other income from operating activities	27	151.968	352.399	596.858
Other expenses from operating activities (-)	27	(87.988)	(204.036)	(204.338)
Share of (loss)/gain on investments accounted for by the equity method	4	(17.402)	(40.355)	(106.135)
Operating Profit/(Loss)		16.974	39.360	300.507
Income from investment activities	28	70.460	163.390	221.897
Expenses from investment activities (-)	28	(56.216)	(130.360)	(117.031)
Operating profit / (loss) before finance (expense)/income		31.217	72.390	405.373
Finance income	29	28.812	66.813	18.876
Finance expense (-)	29	(176.304)	(408.832)	(473.867)
Profit / (Loss) Before Taxation		(116.275)	(269.629)	(49.618)
Tax expense from continued operations	31	(18.116)	(42.009)	(91.846)
Tax expense for the period		(15.266)	(35.400)	(113.387)
Deferred tax income		(2.850)	(6.609)	21.541
Loss for the period from continued operations		(134.390)	(311.638)	(141.464)
Discontinued operations				
Discontinued operations period loss after tax	30	-	-	(24.584)
Loss For The Period		(134.390)	(311.638)	(166.048)
Distribution of Loss For The Period				
Non-controlling interests		(37.375)	(86.668)	(127.908)
Owners of the parent		(97.016)	(224.970)	(38.140)
Loss Per Share Attributable to Equity Holders of the Parent Company	32	(0,037)	(0,086)	(0,015)
Total Loss Per Share Attributable to Equity Holders of the Parent Company Regarding Continued Operations(TL)	32	(0,037)	(0,086)	(0,011)
Loss Per Share Attributable to Equity Holder of the Parent Company Regarding Discontinued Operation (TL)	32	-	-	(0,004)

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**CONSOLIDATED STATEMENTS OF OTHER COMPERHENSIVE INCOME FOR THE
PERIODS 31 DECEMBER 2014 AND 2013**

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

	<i>USD(*)</i> 1 January- 31 December 2014	Audited 1 January 31 December 2014	Audited 1 January- 31 December 2013
Loss for the period	(134.390)	(311.638)	(166.048)
OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income and loss that will not be reclassified as profit or loss			
Actuarial losses on defined benefit plans	(756)	(1.753)	(5.245)
Deferred tax effect of actuarial gains on defined retirement benefit plan	151	351	1.049
Accumulated other comprehensive income that will not be reclassified as profit or loss			
Change in financial assets fair value reserve	(1.304)	(3.024)	(3.245)
Change in currency translation reserve	(37.756)	(87.551)	99.979
OTHER COMPREHENSIVE (EXPENSE) / INCOME	(39.665)	(91.977)	92.538
TOTAL COMPREHENSIVE EXPENSE	(174.055)	(403.615)	(73.510)
Allocation of Total Comprehensive Expense for the Period			
Attributable to non-controlling interests	(50.431)	(116.944))	(117.544)
Attributable to equity holders of the Parent Company	(123.624)	(286.671)	44.034

(*)As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as at 31 December 2014.

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

	Notes	Share Capital	Adjustments to share capital	Accumulated other comprehensive income or loss that will not be reclassified as profit or loss			Accumulated other comprehensive income or loss that will be reclassified as profit or loss		Accumulated income/loss					
				Gains on revaluation of investment property	Actuarial loss on defined retirement benefit plans	Premiums /discounts related to share	Gain/(loss) on revaluation and/or reclassification of financial assets available for sale	Currency translation differences	Restricted reserves	Accumulated gain/(losses)	Net income/(loss) for the period	Equity attributable to holders of the company	Non-controlling interest	Total shareholder's equity
Balances at 1 January 2013														
(reported previously)	23	2.450.000	143.526	1.002	-	2.362	2.092	53.688	1.204.043	(831.377)	155.670	3.181.006	907.120	4.088.126
Effect of changes in accounting policy		-	-	-	(25.381)	(1.732)	-	(88)	-	27.113	-	(88)	(3.555)	(3.643)
Balances at 1 January 2013														
(restated)	23	2.450.000	143.526	1.002	(25.381)	630	2.092	53.600	1.204.043	(804.264)	155.670	3.180.918	903.565	4.084.483
Transfers from retained earnings		-	-	-	-	-	-	-	(61.380)	217.050	(155.670)	-	-	-
Effect of joint venture mergers		-	-	-	-	-	-	-	-	(7.640)	-	(7.640)	(1.099)	(8.739)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(10.080)	(10.080)
Acquisition of subsidiary share		-	-	-	-	-	-	-	-	32.155	-	32.155	(32.155)	-
Acquisition of shares from non-controlling interests		-	-	-	-	-	-	-	-	720	-	720	(989)	(269)
Change in subsidiary effective share ratio		-	-	-	-	-	-	-	-	-	-	-	2.580	2.580
Participation of non-controlling parties to subsidiary capital increase		-	-	-	-	-	-	-	-	-	-	-	6.564	6.564
Other ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	(594)	(594)
Total comprehensive income/ (expense)		-	-	-	(4.196)	-	(3.245)	89.615	-	-	(38.140)	44.034	(117.544)	(73.510)
- Currency translation differences		-	-	-	-	-	-	89.615	-	-	-	89.615	10.364	99.979
- Actuarial loss on defined retirement benefit plans		-	-	-	(4.196)	-	-	-	-	-	-	(4.196)	-	(4.196)
- Change in the financial asset fair value reserve		-	-	-	-	-	(3.245)	-	-	-	-	(3.245)	-	(3.245)
- Net loss for the period		-	-	-	-	-	-	-	-	-	(38.140)	(38.140)	(127.908)	(166.048)
Balances as of														
31 December 2013	23	2.450.000	143.526	1.002	(29.577)	630	(1.153)	143.215	1.142.663	(561.979)	(38.140)	3.250.187	750.248	4.000.435

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

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2014 AND 2013

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

	Notes	Share Capital	Adjustments to share capital	Accumulated other comprehensive income or loss that will not be reclassified as profit or loss		Premiums /discounts related to share	Accumulated other comprehensive income or loss that will be reclassified as profit or loss		Restricted reserves	Accumulated gain/(losses)	Accumulated income/loss		Non-controlling interest	Total shareholder's equity
				Gains on revaluation of investment property	Actuarial loss on defined retirement benefit plans		Gain/(loss) on revaluation and reclassification of financial assets available for sale	Currency translation differences			Net income/(loss) for the period	Equity attributable to holders of the company		
Balances at														
1 January 2014	23	2.450.000	143.526	1.002	(29.577)	630	(1.153)	143.215	1.142.663	(561.979)	(38.140)	3.250.187	750.248	4.000.435
Transfers		-	-	-	-	-	-	(34.906)	13.407	(16.641)	38.140	-	-	-
Dividend payment of subsidiaries to non group companies		-	-	-	-	-	-	-	-	-	-	-	(3.265)	(3.265)
Merger effect(1)		166.938	-	-	-	34.529	-	-	89.673	22.840	-	313.980	(384.952)	(70.972)
Venture capital fund		-	-	-	-	-	-	-	35.425	(35.425)	-	-	-	-
Share acquisition from non-controlling interests and share transfer of entities under common control		-	-	-	-	-	-	-	-	4.135	-	4.135	(4.135)	-
Financial liabilities that are subject to non-controlling interest put options		-	-	-	-	-	-	-	-	(526.412)	-	(526.412)	(86.321)	(612.733)
Total comprehensive income/(expense)		-	-	-	(1.402)	-	(3.024)	(57.275))	-	-	(224.970)	(286.671))	(116.944)	(403.615)
- Currency translation differences		-	-	-	-	-	-	(57.275)	-	-	-	(57.275)	(30.276)	(87.551)
- Actuarial loss on defined retirement benefit plans		-	-	-	(1.402)	-	-	-	-	-	-	(1.402)	-	(1.402)
- Change in the financial asset fair value reserve		-	-	-	-	-	(3.024)	-	-	-	-	(3.024)	-	(3.024)
-- Net loss for the period		-	-	-	-	-	-	-	-	-	(224.970)	(224.970)	(86.668)	(311.638)
Balances as of														
31 December 2014	23	2.616.938	143.526	1.002	(30.979)	35.159	(4.177)	51.034	1.281.168	(1.113.482)	(224.970)	2.755.219	154.631	2.909.850

(1) Related to the merger under Doğan Holding through the entire take-over with all assets and liabilities of Doğan Yayın Holding A.Ş. (Note 1,23).

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS 31 DECEMBER 2014 AND 2013**

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

		<i>USD(*)</i> 1 January -	<i>Audited</i> Current Period 1 January -	<i>Audited</i> Prior Period 1 January -
	Notes	31 December 2014	31 December 2014	31 December 2013
A. Net cash provided by/(used in) operating activities		47.725	110.669	667.977
Loss before taxation		(116.275)	(269.629)	(49.618)
Adjustments regarding profit/ (loss) for the period		270.595	627.483	771.757
Adjustments regarding depreciation and amortization	14,15,26	127.415	295.462	258.194
- Adjustments regarding reversal/impairment		65.990	153.025	37.948
Adjustments regarding provisions		17.360	40.256	72.437
Adjustments regarding interest income and expenses		29.137	67.565	56.462
Unearned finance expense due to purchases with maturity	27	(16.253)	(37.689)	(48.168)
Adjustments regarding unrealized changes in currency translation differences		43.284	100.371	(40.742)
Adjustments regarding gains/losses in fair value		(13.701)	(31.771)	(52.495)
Adjustments regarding gain/losses on disposal of property, plant and equipment and intangible assets	28	(11.888)	(27.566)	(2.410)
Share of gain on associates accounted by using the equity method	4	17.403	40.355	106.135
Unrealized foreign exchange expense / (income) due to financial borrowings		11.514	26.700	383.124
Loss /(gain) on sale of share of subsidiaries	28	334	775	1.272
Change in working capital		(76.629)	(177.696)	51.967
(Increase) / decrease in other current and non-current assets and prepaid expenses		(43.407)	(100.657)	25.211
Increase in other short term and long term liabilities and deferred revenue		(14.995)	(34.773)	19.713
Decrease in liability provisions		(5.524)	(12.810)	16.452
Decrease / (increase) in inventories		9.343	21.665	(38.003)
Increase in trade receivables		(42.100)	(97.625)	(125.586)
Decrease in payables regarding employee benefits		(7.598)	(17.620)	(8.350)
Decrease in other receivables regarding operations		(15.092)	(34.997)	63.781
Increase in trade payables		34.328	79.603	95.725
Increase in other payables regarding operations		8.416	19.518	3.024
Net cash provided by operating activities		77.691	180.158	774.106
Employment termination benefits paid	22	(10.106)	(23.434)	(14.340)
Tax paid		(16.621)	(38.546)	(104.425)
Collections from doubtful receivables	9	4.017	9.316	17.760
Lawsuit provisions paid		(7.256)	(16.825)	(5.124)

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

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS 31 DECEMBER 2014 AND 2013**

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

		<i>USD(*)</i> 1 January - 31 December 2014	<i>Audited Current Period</i> 1 January - 31 December 2014	<i>Audited Prior Period</i> 1 January - 31 December 2013
B. Net cash (used in) / provided from investing activities		(134.730)	(312.425)	(10.081)
Proceeds from sale of property, plant and Equipment, intangible assets and assets held for sale		95.944	222.484	27.935
Increase in financial investments		20.879	48.416	36.684
Cash used in acquisition of property, plant and equipment and intangible assets	13,14,15	(122.443)	(283.933)	(286.965)
Changes on long term investments		-	-	(13.056)
Payments on financial borrowings related with the options		(83.520)	(193.674)	(146.573)
Change on share of non-controlling interest		-	-	(2.088)
Dividends paid to non-controlling interest		(1.408)	(3.265)	(10.080)
Decrease in derivative liabilities		(887)	(2.057)	3.698
Cash provided from sale of subsidiary		12.940	30.007	399.263
Acquisition of subsidiary share, net		(10.350)	(24.000)	(18.899)
Payments for shares retrieve		(30.606)	(70.972)	-
Cash capital increase on associates accounted by using the equity method		(15.279)	(35.431)	-
C. Net cash provided/ (used in) financing activities		67.296	156.053	(579.754)
Decrease in financial borrowings, (net)		(10.843)	(25.143)	(355.123)
Decrease on financial borrowings related with options		-	-	(215.912)
Interests received		39.804	92.301	208.245
Decrease in blocked deposits		105.659	245.013	(10.472)
Interests paid		(67.324)	(156.118)	(206.492)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		(19.709)	(45.703)	78.142
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS, NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		-	-	-
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	952.610	2.209.007	2.130.865
F. CASH AND CASH EQUIVALENTS AT THE AT THE END OF THE PERIOD (A+B+C+D+E)	6	932.901	2.163.304	2.209.007

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

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ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since June 21, 1993. Within the frame of Resolution No.21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency, the 35.42% shares of Doğan Holding are to be considered in circulation as of 31 December 2014 (31 December 2013: 32,36%).

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

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34696 İstanbul

As of 31 December 2014, the Group has 8.166 employees in domestic and 10.780 employees including the personnel of foreign subcontractors (31 December 2013: 8.512 in domestic, including foreign 11.999). The Company has 175 employees (31 December 2013: 210 employees).

Merger of Doğan Yayın Holding with Doğan Şirketler Grubu Holding A.Ş. by "Take Over"

Board of Director decisions of Doğan Holding and Doğan Yayın Holding dated as 14 April 2014 regarding the merger under Doğan Holding, through the entire "take over" of our direct subsidiary Doğan Yayın Holding A.Ş. with all its assets and liabilities by Doğan Holding were disclosed to the public on the same date, and the merger transaction ("Merger") was approved in the Extraordinary General Assembly Meetings of Doğan Yayın Holding on 6 August 2014 and of Doğan Holding on 7 August 2014, and registered with the Trade Registry on 26 August 2014. Upon the registration of the merger, Doğan Yayın Holding A.Ş. has ceased by being dissolved without liquidation.

With the decision made by Board of Directors of Doğan Holding on 27 August 2014, the issued capital of Doğan Holding, which is TL 2.450.000(exact), within the TL 4.000.000(exact) registered capital ceiling, is to be increased to TL 2.616.938 due to the merger which took place under Doğan Holding, through the entire "take over" of Doğan Yayın Holding with all its assets and liabilities being ceased due to dissolution without liquidation by Doğan Holding (Note 23). The "Issuance Certificates" for a total of 166.938.288(exact) shares with a nominal value of TL 1 (one) each, to be issued to represent the TL 166.938(exact) increased within the scope of the capital increase have been approved by the CMB, and are enclosed on 29 August 2014 Article 7 of the Articles of Association, "Registered and Issued Capital", for the increase of the issued capital to TL 2.616.938(exact) has been registered with the Trade Registry on 3 September 2014.

In the course of the capital increase due to the merger, there was not any cash outflows by the shareholders of our Company, and the shares to be issued was allocated to Doğan Yayın Holding A.Ş. shareholders using the "exchange ratio" approved, in return for the Doğan Yayın Holding A.Ş. held by the shareholders other than Doğan Yayın Holding A.Ş. within the context of the exercise of the exit right, and other than Doğan Şirketler Grubu Holding A.Ş. The exchange transaction was commenced on 2 September, 2014. During the course of the "exchange" transaction to be carried out within the scope of the merger, Doğan Yayın Holding A.Ş. shareholders were given 0,48638 units (full) Doğan Şirketler Grubu Holding A.Ş. shares for each Doğan Yayın Holding A.Ş. shares they hold, with a nominal value of TL 1 (Note23).

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ENDED 31 DECEMBER 2014**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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

Subsidiaries	Country	Nature of business	Segment
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Turkey	Newspaper publishing	Media
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım")	Turkey	Printing and administrative services	Media
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Turkey	Newspaper publishing	Media
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım")	Turkey	Distribution	Media
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Turkey	Import and export	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	News agency	Media
Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. ("Doğan Gazetecilik İnternet")	Turkey	Internet services	Media
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Internet services	Media
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung")	Germany	Newspaper printing	Media
Doğan Media International GmbH ("DMI")	Germany	Newspaper publishing	Media
Hürriyet Invest B.V. ("Hürriyet Invest")	Netherland	Investment	Media
Falcon Purchasing Services Ltd. ("Falcon")	England	Foreign Trade	Media
Trader Media East Ltd. ("TME")	Jersey	Investment	Media
TCM Adria d.o.o.	Croatia	Investment	Media
Mirabridge International B.V.	Netherland	Investment	Media
Publishing International Holding B.V.	Netherland	Investment	Media
Pronto Invest B.V.	Netherland	Investment	Media
OOO RUKOM	Russia	Internet publishing	Media
OOO Pronto Aktobe	Kazakhstan	Newspaper and Internet publishing	Media
OOO Delta-M	Russia	Newspaper and Internet publishing	Media
OOO Pronto Baikal	Russia	Newspaper and Internet publishing	Media
Job.ru LLC	Russia	Internet publishing	Media
OOO Pronto DV	Russia	Newspaper and Internet publishing	Media
OOO Pronto Ivanovo	Russia	Newspaper and Internet publishing	Media
OOO Pronto Kaliningrad	Russia	Newspaper and Internet publishing	Media
OOO Pronto Kazan	Russia	Newspaper and Internet publishing	Media
OOO Pronto Krasnodar	Russia	Newspaper and Internet publishing	Media
OOO Pronto Nizhny Novgorod	Russia	Newspaper and Internet publishing	Media
OOO Pronto Novosibirsk	Russia	Newspaper and Internet publishing	Media
OOO Pronto Oka	Russia	Newspaper and Internet publishing	Media
OOO Pronto Samara	Russia	Newspaper and Internet publishing	Media
OOO Pronto UlanUde	Russia	Newspaper and Internet publishing	Media
OOO Pronto Vladivostok	Russia	Newspaper and Internet publishing	Media
OOO Pronto Moscow ⁽¹⁾	Russia	Newspaper and Internet publishing	Media
OOO Tambukan	Russia	Newspaper and Internet publishing	Media
OOO Utro Peterburga	Russia	Newspaper and Internet publishing	Media
OOO Pronto Smolensk	Russia	Newspaper and Internet publishing	Media
OOO Tambov-Info	Russia	Newspaper and Internet publishing	Media
OOO SP Belpronto	Belarus	Newspaper and Internet publishing	Media
ZAO Pronto Akzhol	Kazakhstan	Newspaper and Internet publishing	Media
TOO Pronto Akmola	Kazakhstan	Newspaper and Internet publishing	Media
OOO Pronto Atyrau	Kazakhstan	Newspaper and Internet publishing	Media
OOO Pronto Aktau	Kazakhstan	Newspaper and Internet publishing	Media
Pronto Soft	Belarus	Internet publishing	Media
Impress Media Marketing LLC	Russia	Publishing	Media
OOO Rektcentr	Russia	Investment	Media
Publishing House Pennsylvania Inc.	USA	Investment	Media
Pronto Ust Kamenogorsk	Kazakhstan	Newspaper publishing	Media
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet Yayıncılığı")	Turkey	Internet publishing	Media
Doğan TV Holding A.Ş. ("Doğan TV Holding")	Turkey	Tv publishing	Media
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	Turkey	Tv publishing	Media
Mozaik İletişim Hizmetleri A.Ş. ("Mozaik" or "D-smart")	Turkey	Tv publishing	Media
Doruk Televizyon ve Radyo Yayıncılık A.Ş. ("Doruk Televizyon" or "CNN Türk")	Turkey	Tv publishing	Media

1) Trade name of related subsidiary has been changed as Pronto Media Holding Ltd. as of 23 December 2014.

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country	Nature of business	Segment
Doğan TV Digital Platform İşletmeciliği A.Ş. ("Doğan TV Dijital")	Turkey	Tv publishing	Media
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş. ("Fun TV")	Turkey	Tv publishing	Media
Tempo Televizyon Yayınçılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Tempo TV")	Turkey	Tv publishing	Media
Kanalspor Televizyon ve Radyo Yayınçılık A.Ş. ("Kanalspor")	Turkey	Tv publishing	Media
Milenyum Televizyon Yayınçılık ve Yapımcılık A.Ş. ("Milenyum TV")	Turkey	Tv publishing	Media
TV 2000 Televizyon Yayınçılık Yapımcılık Sanayi ve Ticaret A.Ş. ("TV 2000")	Turkey	Tv publishing	Media
Popüler Televizyon ve Radyo Yayınçılık A.Ş. ("Popüler TV")	Turkey	Tv publishing	Media
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Turkey	Tv publishing	Media
Bravo Televizyon Yayınçılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Bravo TV")	Turkey	Tv publishing	Media
Doğa Televizyon ve Radyo Yayınçılık A.Ş. ("Doğa TV")	Turkey	Tv publishing	Media
Altın Kanal Televizyon ve Radyo Yayınçılık A.Ş. ("Altın Kanal")	Turkey	Tv publishing	Media
Stil Televizyon ve Radyo Yayınçılık A.Ş. ("Stil TV")	Turkey	Tv publishing	Media
Selenit Televizyon ve Radyo Yayınçılık A.Ş. ("Selenit TV")	Turkey	Tv publishing	Media
Trend Televizyon ve Radyo Yayınçılık A.Ş. ("Trend TV" or "D Çocuk")	Turkey	Tv publishing	Media
Ekinoks Televizyon ve Radyo Yayınçılık A.Ş. ("Ekinoks TV")	Turkey	Tv publishing	Media
Fleks Televizyon ve Radyo Yayınçılık A.Ş. ("Fleks TV")	Turkey	Tv publishing	Media
Kutup Televizyon ve Radyo Yayınçılık A.Ş. ("Kutup TV")	Turkey	Tv publishing	Media
Galaksi Radyo ve Televizyon Yayınçılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Galaksi TV")	Turkey	Tv publishing	Media
Koloni Televizyon ve Radyo Yayınçılık A.Ş. ("Koloni TV")	Turkey	Tv publishing	Media
Yörünge Televizyon ve Radyo Yayınçılık A.Ş. ("Yörünge TV")	Turkey	Tv publishing	Media
Tematik Televizyon ve Radyo Yayınçılık A.Ş. ("Tematik TV")	Turkey	Tv publishing	Media
Süper Kanal Televizyon ve Radyo Yayınçılık A.Ş. ("Süperkanal")	Turkey	Tv publishing	Media
Uydu İletişim Basın Yayın A.Ş. ("Uydu")	Turkey	Tv publishing	Media
Eko TV Televizyon ve Radyo Yayınçılık A.Ş. ("Eko TV") ⁽¹⁾	Turkey	Tv publishing	Media
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. ("Doğan Uydu Haberleşme")	Turkey	Tv publishing	Media
Doğan Teleshopping Pazarlama ve Ticaret A.Ş. ("Doğan Teleshopping" or "Her Eve Lazım")	Turkey	Tv publishing	Media
Rapsodi Radyo ve Televizyon Yayınçılık A.Ş. ("Rapsodi Radyo")	Turkey	Radio publishing	Media
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Turkey	Music and entertainment	Media
Primeturk GmbH ("Prime Turk")	Germany	Marketing	Media
Osmose Media S.A. ("Osmose Media")	Luxembourg	Marketing	Media
Doğan Media International S.A. ("Kanal D Romania")	Romania	Tv publishing	Media
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("D&R")	Turkey	Retail	Retail
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Turkey	Retail	Retail
Doğan Faktoring A.Ş. ("Doğan Faktoring")	Turkey	Factoring	Media
Doğan Platform Yatırımları A.Ş. ("Doğan Platform")	Turkey	Investment	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Turkey	Trade	Other
Enteralle Handels GmbH ("Enteralle Handels")	Germany	Trade	Other
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Otomotiv")	Turkey	Trade	Other
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Turkey	Production	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Turkey	Production	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Turkey	Tourism	Other
Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. ("Doğan Organik")	Turkey	Agriculture	Other
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Turkey	Energy	Energy
Galata Wind Enerji A.Ş. ("Galata Wind")	Turkey	Energy	Energy
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romania")	Romania	Gayrimenkul	Other
D Stroy Limited ("D Stroy")	Russia	Trade	Other
DHI Investment B.V. ("DHI Investment")	Netherlands	Investment	Other
D-Tes Elektrik Enerjisi Tопtan Satış A.Ş. ("D-Tes")	Turkey	Energy	Energy
Ditas America LLC ("Ditas America")	USA	Trade	Other
Ditas Trading (Shanghai) Co. Ltd. ("Ditas Trading")	People's Republic of China	Trade	Other
M Investment 1 LLC ("M Investment")	USA	Real estate	Other
A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret A.Ş. ("A.G.T. Tanıtım")	Turkey	Retail	Retail
Öncü Girişim Sermayesi Yatırım Ortaklığı ("Öncü Girişim")	Turkey	Investment	Investment

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

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

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

Upon the CMB's resolution dated 7 June 2013 and 20/670, for capital market institutions, except for the corporations whose capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds within the scope of Communiqué No: II-14.1, formats are declared in the weekly bulleting numbered 2013/19 starting from the interim periods 30 June 2013 at 7 June 2013. The Group has prepared its consolidated financial statements as of 31 December 2014 in accordance with CMB Financial Reporting Standards.

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

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

These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Accounting Standards ("TAS") implemented by the POA.

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

2.1 Basis of presentation (continued)

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

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

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

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

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

2.1.3 Consolidation principles

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

Subsidiaries and joint ventures acquired or disposed of during the accounting period are included in the consolidation from the date at which the control 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.

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

2.1 Basis of presentation (continued)

2.1.3 Consolidation principles (continued)

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

(a) Subsidiaries

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

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

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

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

2.1 Basis of presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

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

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Hürriyet	77,65	77,65	-	-	77,65	77,65	77,65	64,35
Doğan Gazetecilik	92,76	92,76	0,52	0,52	93,28	93,28	92,76	74,23
DMI	100,00	100,00	-	-	100,00	100,00	90,52	73,37
Hürriyet Medya Basım	100,00	100,00	-	-	100,00	100,00	77,65	64,35
Doğan Ofset ⁽¹⁾	-	99,93	-	-	-	99,93	-	64,30
Mozaiik	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Doğan Haber	99,99	99,94	-	-	99,99	99,94	88,11	71,66
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	80,02
Doğan Dış Ticaret	98,80	98,80	-	-	98,80	98,80	98,42	78,80
Doğan Gazetecilik Internet	100,00	100,00	-	-	100,00	100,00	92,76	74,23
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	64,35
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	64,35
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	64,35
TME	78,57	74,29	-	-	78,57	74,29	61,01	47,80
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	61,01	47,80
Publishing International Holding B.V.	100,00	100,00	-	-	100,00	100,00	61,01	47,80
Job.ru LLC	100,00	100,00	-	-	100,00	100,00	61,01	47,80
Pronto Invest B.V.	100,00	100,00	-	-	100,00	100,00	61,01	47,80
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	61,01	47,80
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	61,01	47,80
Doğan Platform	100,00	100,00	-	-	100,00	100,00	100,00	80,02
Doğan Yayın Holding ⁽²⁾	-	80,02	-	1,90	-	81,92	-	80,02
Fairworld ⁽³⁾	-	100,00	-	-	-	100,00	-	78,80
Falcon	100,00	100,00	-	-	100,00	100,00	98,42	78,80
Oglasnik d.o.o. ⁽⁴⁾	-	100,00	-	-	-	100,00	-	47,80
Expressz Magyarorszag Media Kft ⁽⁵⁾	-	100,00	-	-	-	100,00	-	47,80
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	36,61	28,68
OOO Pronto Rostov ⁽⁶⁾	-	100,00	-	-	-	100,00	-	47,80
OOO Pronto Aktobe	80,00	80,00	-	-	80,00	80,00	39,05	30,59
OOO Delta-M	55,00	55,00	-	-	55,00	55,00	33,56	26,29
OOO Pronto Baikal	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto DV	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Ivanovo	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Kaliningrad	95,00	95,00	-	-	95,00	95,00	57,96	45,41
OOO Pronto Kazan	72,00	72,00	-	-	72,00	72,00	43,93	34,42
OOO Pronto Krasnodar	80,00	80,00	-	-	80,00	80,00	48,81	38,24

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

2.1 Basis of presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
OOO Pronto Nizhny Novgorod	90,00	90,00	-	-	90,00	90,00	54,91	43,02
OOO Pronto Novosibirsk	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Oka ⁽⁷⁾	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto UlanUde	90,00	90,00	-	-	90,00	90,00	54,91	43,02
OOO Pronto Vladivostok	90,00	90,00	-	-	90,00	90,00	54,91	43,02
OOO Pronto Media Holding Ltd.	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Neva ⁽⁸⁾	-	100,00	-	-	-	100,00	-	47,80
OOO Tambukan	85,00	85,00	-	-	85,00	85,00	51,86	40,63
OOO Utro Peterburga ⁽⁷⁾	55,00	55,00	-	-	55,00	55,00	33,56	26,29
OOO Pronto Kemerovo ⁽⁶⁾	-	100,00	-	-	-	100,00	-	47,80
OOO Pronto Smolensk	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Tula ⁽⁹⁾	-	100,00	-	-	-	100,00	-	47,80
OOO Pronto Voronezh ⁽⁶⁾	-	100,00	-	-	-	100,00	-	47,80
OOO Tambov-Info	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Obninsk ⁽¹⁰⁾	-	10,00	-	-	-	10,00	-	4,78
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Pronto Atyrau	100,00	100,00	-	-	100,00	100,00	48,81	38,24
OOO Pronto Aktau	100,00	100,00	-	-	100,00	100,00	48,81	38,24
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	48,81	38,24
Bolji Posao d.o.o. Serbia ⁽¹¹⁾	-	100,00	-	-	-	100,00	-	47,80
Bolji Posao d.o.o. Bosnia ⁽¹¹⁾	-	100,00	-	-	-	100,00	-	47,80
OOO RUKOM ⁽¹²⁾	100,00	100,00	-	-	100,00	100,00	61,01	47,80
OOO Partner-Soft ⁽¹³⁾	-	90,00	-	-	-	90,00	-	43,02
Pronto Soft	90,00	90,00	-	-	90,00	90,00	54,91	43,02
Prime Turk	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Osmose Media	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Impress Media Marketing LLC	97,00	97,00	-	-	97,00	97,00	59,18	46,37
Pronto Ust Kamenogorsk	100,00	100,00	-	-	100,00	100,00	48,81	38,24
Doğan TV Holding ⁽¹⁴⁾	85,22	82,45	0,14	0,14	85,36	82,59	85,22	66,48
Kanal D	94,97	94,88	5,03	5,12	100,00	100,00	80,93	63,07
Kanal D Yapımcılık ⁽¹⁵⁾	-	100,00	-	-	-	100,00	-	63,07
Alkım İletişim ⁽¹⁶⁾	-	100,00	-	-	-	100,00	-	66,48
Alp Görsel ⁽¹⁷⁾	-	100,00	-	-	-	100,00	-	66,48
Fun TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Tempo TV	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Kanalspor	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Milenyum TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
TV 2000	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Popüler TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Bravo TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63

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

2.1 Basis of presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2014	2013	2014	2013	2014	2013	2014	2013
Doğa TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Altın Kanal	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Stil TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Selenit TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
D Çocuk	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Fleks TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Kutup TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Galaksi TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Koloni TV	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Atılğan TV ⁽¹⁸⁾	-	100,00	-	-	-	100,00	-	66,48
Yörünge TV	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Tematik TV	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Süper Kanal	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Uydu	100,00	100,00	-	-	100,00	100,00	85,39	66,63
Eko TV	95,03	95,03	-	-	95,03	95,03	80,98	63,17
Kanal D Romanya	100,00	100,00	-	-	100,00	100,00	85,22	73,37
NetD Dijital Yayıncılık ⁽¹⁹⁾	-	100,00	-	-	-	100,00	-	66,48
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Doğan Teleshopping	100,00	100,00	-	-	100,00	100,00	85,22	66,48
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	85,22	66,48
DMC	100,00	100,00	-	-	100,00	100,00	85,22	66,48
İnteraktif Medya ⁽²⁰⁾	-	100,00	-	-	-	100,00	-	66,48
D&R	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Hürservis	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	79,42
Nartek ⁽²¹⁾	-	60,00	-	-	-	60,00	-	38,61
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	100,00	80,02
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Enteralle Handels ⁽²²⁾	100,00	100,00	-	-	100,00	100,00	86,27	86,27
Orta Anadolu Otomotiv	85,00	85,00	-	-	85,00	85,00	85,00	85,00
Çelik Halat	78,70	78,69	-	-	78,70	78,69	78,70	78,69
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Organik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Nakkaştepe Elektrik ⁽²³⁾	-	100,00	-	-	-	100,00	-	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Akdeniz Elektrik ⁽²⁴⁾	-	100,00	-	-	-	100,00	-	100,00

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

2.1 Basis of presentation (continued)

2.1.3 Consolidation principles (continued)

(a) Subsidiaries (continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2014	2013	2014	2013	2014	2013	2014	2013
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Stroy ⁽²⁵⁾	100,00	100,00	-	-	100,00	100,00	73,59	100,00
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Tes	100,00	100,00	-	-	100,00	100,00	100,00	100,00
A.G.T. Tanıtım ⁽²⁶⁾	90,00	-	-	-	90,00	-	90,00	-
M Investment ⁽²⁷⁾	100,00	-	-	-	100,00	-	100,00	-
Öncü Girişim ⁽²⁸⁾	100,00	-	-	-	100,00	-	100,00	-

(1) The related subsidiary was sold as of 18 July 2014.

(2) As a result of merger of Doğan Yayın Holding A.Ş. with Doğan Holding by take over with all assets and liabilities as of 26 August 2014, Doğan Yayın Holding A.Ş. has been ceased by this date due to dissolution without liquidation.

(3) The related subsidiary was liquidated as of 30 July 2014.

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

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

(6) The related subsidiary was liquidated in 2014.

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

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

(9) The related subsidiary was liquidated as of 18 July 2014.

(10) 90% shares of of the related subsidiary in December 2013, and remaining 10% was sold in January 2014.

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

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

(13) The related subsidiary was liquidated as of 10 December 2014.

(14) According to the statutory records of Group, proportion of effective ownership interest of Doğan TV Holding is 84,94%. Nevertheless, in consequence of the option explained in Note 17, by considering the additional share proportion in accordance with TAS 32 "Financial Instruments: Disclosure and Presentation" the rate is calculated as 99,86%.

(15) The related subsidiary merged with Kanal D as of 25 December 2014.

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

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

(18) The related subsidiary merged with D Yapım as of 31 December 2014.

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

(20) The related subsidiary merged with D Yapım as of 31 December 2014.

(21) The related subsidiary merged with Yenibir as of 30 December 2014.

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

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

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

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

(26) The related subsidiary was acquired on 16 September 2014.

(27) The related subsidiary was established on 14 April 2014.

(28) The related subsidiary was established on 18 December 2014.

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

2.1 Basis of presentation (continued)

2.1.3 Consolidation principles (continued)

b) Joint Ventures

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

In accordance with the amendments to TFRS 11 effective from 1 January 2013, entities under common control are recognized under the equity method starting from this date and the related amendments are applied retrospectively and financial statements are restated accordingly. Condensed financial statements of entities under common control are disclosed in Note 4.

(c) Associates

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

Where the investment's share of losses exceeds the Group's share (including any long-term investments that, in substance, form part of the Group's net investment in the associate), the exceeding portion of losses are not recognized. Consideration of additional loss is only possible in case the Group has been exposed to legal liability or has made to payments in the name of subsidiary.

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

(d) Non-controlling interests

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

(e) Financial investments

Other investments in which the Group and its subsidiaries, have less than 20%, or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consolidated financial statements are classified as "available for sale financial assets". Available for sale investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any allowance for impairment (Note7).

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

2.1 Basis of presentation (continued)

2.1.4 Offsetting

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

2.1.5 Comparative information and restatement of previously reported financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. The group presents comparatively its consolidated balance sheet as of 31 December 2014 with 31 December 2013. Income statement, other comprehensive income, cash flow and change in equity as of 31 December 2014, are presented comparatively with the financial statements of the period 1 January-31 December 2013. In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

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

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

Due to the merger explained in "Organization and Nature of Operations" (Note 1), the Group has changed the segment presentation being effective from the period ended by 31 December 2014 as explained in note "segment reporting"; to be "publishing", "broadcasting", "retail", "energy" and "other" (Note 2.2). The change in the presentation of the note has no effect on the result of operations. Related change has been made comparatively in the note. (Note 5)

The Group classified its subsidiaries operating in Hungary and Croatia as discontinued operations. In order to comply with current period financial statements, operations of aforementioned entities are classified as discontinued operations on prior year income statement and other comprehensive income statement.

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

2.1 Basis of presentation (continued)

2.1.7 New and Revised Turkish Financial Reporting Standards

In the current period there is no such standard or interpretation affecting the Group's financial performance, balance sheet, 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) Standards effective from 1 January 2014 and have effect on the financial statements of the Group

None.

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

TFRS 10, 12, TAS 27 (Amendments)	<i>Investment Companies</i> ¹
TMS 32 (Amendments)	<i>Offsetting Financial Assets and Financial Liabilities</i> ¹
TMS 36 (Amendments)	<i>Recoverable Value Disclosures for Non-Financial Assets</i> ¹
TMS 39 (Amendments)	<i>Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
TFRS Interpretation 21	<i>Fees and Taxes</i> ¹
TMS 21 (Amendments)	<i>Effects of Changes in Foreign Exchange Rates</i> ²

¹ It has been effective since 1 January 2014 or the periods starting after this date.

² It has been effective since 12 November 2014, the date amendment was announced.

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

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

TFRS 9	<i>Financial Instruments</i>
TFRS 9 and TFRS 7 (Amendments)	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>
TMS 19 (Amendments)	<i>Employee Benefits</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TMS 16 and TMS 38, TMS 24, TFRS 9, TMS 37, TMS 39</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>TFRS 3, TFRS 13, TMS 40</i> ¹
TMS 16 and TMS 38 (Amendments)	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
TMS 16 and TMS 41 (Amendments) with TMS 1, TMS 17, TMS 23, TMS 36 and TMS 40 (Amendments)	<i>Agriculture: Bearer Plants</i> ²
TFRS 11 and TFRS 1 (Amendments)	<i>Accounting for Acquisition of Interests in Joint Operations</i> ²

¹ Effective for annual periods beginning after 30 June 2014..

² Effective for annual periods beginning after 31 December 2015.

The above standards will be applicable in 2015 and onwards, the Group has not determined the potential impact of the application of these standards over its consolidated financial statements. The applications of these standards are expected not to have a significant impact on the consolidated financial statements.

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

2.2 Summary of Significant Accounting Policies

Related parties

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

Cash and cash equivalents

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

Sales and repurchase agreements

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

Trade receivables and provision for doubtful receivables

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Inventories

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

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

Promotion stocks

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

Programme stocks

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

Financial instruments

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

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

2.2 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

"Financial assets at fair value through profit or loss" are financial assets that have been acquired principally for the purpose of taking advantage of fluctuations in price and other similar elements or independent from initial recognition financial assets held for trading which are part of a portfolio that has a recent actual pattern of short-term profit-taking. A financial asset is classified in this category if it is primarily acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in "financial income / expenses". Dividends received, are recognized as dividend income in the consolidated statement of profit or loss. Financial assets considered as derivative instruments that are not designated for the purpose of hedging instruments are classified as financial assets at fair value thorough profit or loss (Note 21). As of 31 December 2014, the Group does not have any financial assets whose fair value differences are recognized as in profit or loss.

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments that the Group intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are carried at amortized cost using the effective interest method less impairment, if any. The Group has no held to maturity investments as of 31 December 2014 and 31 December 2013.

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

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Derivative financial instruments

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

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

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, at the end of each year when there is an indication of impairment, investment properties are stated at fair value which reflects the market conditions. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and related depreciation

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

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

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

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the income and expenses from investing activities account, as appropriate.

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Financial Leases

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

Operating leases

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

Goodwill

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

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

Intangible assets and related amortization

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Intangible assets and related amortization (continued)

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

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

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

Intangible assets with finite useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The amount recoverable from an intangible asset is either the discounted net cash flow 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 recognized under the statement of profit or loss in the related period.

The right to use of marina held by the Group's subsidiary Milta Turizm, classified in other intangible rights, is being amortized regarding the transfer agreement on November 13, 1997 with the Privatization Administration (Note 15).

Web page development costs

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

Television program rights

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

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

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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 balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognised in the consolidated statement of profit or loss. Analysis regarding the impairment is presented in Note 2.3.1.

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

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

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

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

Financial borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the profit or loss as finance expense over the period of the borrowings (Note 8). The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 14).

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

2.2 Summary of Significant Accounting Policies (continued)

Financial liabilities subject to non-controlling put options

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

Employment termination benefits

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

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

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

Provisions, contingent assets and liabilities

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Provisions, contingent assets and liabilities (continued)

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

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

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

Share capital and dividends

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

Revenue recognition

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

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

Due date difference income/expense represents income/expense incurred from forward purchases and sales. These forms of incomes/expenses are accepted as finance incomes/expenses obtained from forward purchases and sales during the period and included to financial income/expense (Note 29).

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

a) Publishing and broadcasting segments

Revenue from advertisements

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

Subscription Income

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

Revenues from circulation, magazine sales and distribution

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

Newspaper sales returns and provisions:

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

Revenue from printing services

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

b) Energy segment

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

c) Retail

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

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

d) Other segment

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

Housing construction projects (Revenue proceeds from buyers)

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

Tourism income

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

Rent Income

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

Barter agreements

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

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

2.2 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Business combinations

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

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

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

Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

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

2.2 Summary of Significant Accounting Policies (continued)

Foreign currency transactions (continued)

Foreign Group companies

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

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

Country	Currency Unit	31 December 2014	31 December 2013
Eurozone	Euro	2,8207	2,9365
Russia	Ruble	0,0398	0,0652
Ukraine	Grivna	0,1474	0,2670
Romania	New Lei	0,6294	0,6549
Kazakhstan	Tenge	0,0128	0,0139
Belarus	Belarusian Ruble	0,0002	0,0002

Segment Reporting

Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. Group operations were monitored and reported as five main segments as of 31 December 2014; "Publishing", "Broadcasting" "Retail", "Energy" and "Other" by the management. Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements. 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.

Operations were presented as three segments "media", "retail" and "other" in consolidated financial statements until 31 December 2013. After the Group's consideration, energy companies were decided to be presented as a separate segment, which was presented under "other" operations segment before. Accordingly, previous period financial informations in related note were revised in line with the principle of comparison. After this revision, segment reporting in publicly announced consolidated financial reports within 2014; presents under four segments as "Media", "Retail", "Energy" and "Other. As a result of merger of Doğan Yayın Holding A.Ş. ("Doğan Yayın Holding")with Dogan Holding by take over with all assets and liabilities as described in "Organization and Nature of Operations" (Note 1), segment reporting of Doğan Yayın Holding's consolidated financial reports until the period ended as of 30 June 2014, has been carried to the consolidated report of Doğan Holding being effective on 30 September 2014. Accordingly, "media" segment, in which operational results of Doğan Yayın Holding was presented, was replaced with "publishing" and "broadcasting" segments and also the results of "Other" segment of Doğan Yayın Holding's consolidated report, in which operations of distribution, factoring and investment was presented, was combined with "Other" segment of Doğan Holding.

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

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

2.2 Summary of Significant Accounting Policies (continued)

Earning/ (loss) per share

Earning/ (loss) per share are determined by dividing net income/ (loss) by the weighted average number of shares that have been outstanding during the period concerned (Note 32).

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

Non-current assets held for sale and discontinued operations

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

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received (Note 16). Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Subsequent events

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

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

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

2.2 Summary of Significant Accounting Policies (continued)

Statement of cash flows

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

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

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

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1. Critical accounting estimates and assumptions

a) Estimated impairment of goodwill

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

The recoverable amounts of cash generating units, was determined through calculating the amount that will be generated from operating activities. In these calculations, the five-year period covering the financial budget based on the after-tax cash flow projections are based and EBITDA (budgeted interest, tax, depreciation and amortization, impairment charges and other non-operating expenses EBITDA) estimates in this computation plays an important role.

Subsequent five-year period, the ratio of EBITDA to estimated cash flows and discount rates are listed below.

	2014		2013	
	EBITDA margin (%) ⁽¹⁾	Discount margin (%) ⁽²⁾	EBITDA margin (%) ⁽¹⁾	Discount margin (%) ⁽²⁾
Broadcasting	27	13,4	27	13,4
Publishing				
Russia	35	15,7	40	12,6
Turkey	12	12,4	11	14,6

(1) Budgeted average EBITDA margin belonging to projection period

(2) Weighted average cost of capital ratios.

Publishing:

Group management, has recorded goodwill impairment in the amount of TL 75.901 which ended on 31 December 2014 consolidated financial statements for indirect subsidiary TME. (Note 15, 28). Goodwill impairment has been mostly realized due to increase in the discount rate and the adverse events in the Russian economy in the current period that used in the Goodwill impairment test.

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (continued)

2.3.1. Critical accounting estimates and assumptions(continued)

a) Estimated impairment of goodwill (continued)

Publishing: (continued):

Considering the calculations made in the current period; the cash-generating unit in the cash flow projections applied to the after-tax discount rate, if the after tax discount rate 1% higher realized from management's estimate, the Group for goodwill 26.199 (31 December 2013: TL 25.962) a further impairment provision will be record and taxes and minority loss before income amount of TL 26.199 (31 December 2013: TL 25.962) would be required to increase the amount.

If the cash-generating unit in the cash flow projections applied to EBITDA ratio is lower than 5%, management's estimate, the Group for goodwill TL 27.465 further impairment provision will be recorded and taxes and minority interest loss before in the financial statements, amount TL 27.465 to increase the case would be (Note 15,28).

Broadcasting:

Group management has identified an impairment amounting to TL 7.851 for the company Süper Kanal in accordance with the accounting policy stated in note 2.2 and above. Related amount is resulted from the reduction of book value of cash-generating unit to recoverable amount and provision for impairment of the entire goodwill can be relatable to Super Kanal was booked.

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

As of November 2011, the Group management has considered the VAT principle amounting to TL 454.281 imposed as a consequence of share exchanges and transfers recognized in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon(the related subsidiary merged with D Yapım in 2013) and Alp Görsel (the related subsidiary merged with Doğan Tv Holding in 2014)and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of "recourse VAT invoice" by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TL 145.328, TL 222.662 and TL 86.291 have been recognized in the statutory records of D Yapım, Doğan Prodüksiyon and Alp Görsel, respectively.

Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognize the input VAT amounting to TL 454.281 as an asset in the consolidated financial statements as it will be used in future tax periods. Accordingly, where practicable, input VAT that can be offset against the recourse VAT in the related taxation periods can be recognized in the statement of income in the respective periods (Note 27). Deductible VAT amount is TL 438.739 (31 December 2013:TL 446.901) in statutory accounts as of 31 December 2014.

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

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

d) Useful lives of intangible assets

Useful lives of some trademarks are expected to be infinite by the Group management. Where useful lives of related intangible assets are infinite (in case of 20 years), amortization of such intangible assets' would increase by TL 9.716 (31 December 2013: TL 14.283) and profit before tax and non-controlling interests would decrease by TL 9.716 (31 December 2013: TL 14.283).

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

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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)

d) Useful lives of intangible assets(continued)

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

- if useful lives were 10% higher, amortization would decrease by TL 1.334 and profit before tax and non-controlling interests would increase by TL 1.334 (31 December 2013: TL 2.007); or
- if useful lives were 10% lower, amortization would increase by TL 1.631 and profit before tax and non-controlling interests would decrease by TL 1.631 (31 December 2013: TL 2.454).

2.3.2 Critical accounting judgments

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

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

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

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NOTE 3 - BUSINESS COMBINATIONS

Current period business combinations

The Group management signed "Share Purchase and Sale Agreement" and the "Partnership Agreement for the Company's Management and Administration" as of 14 August 2014 in order to acquire 90% of A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret Anonim Şirketi ("AGT Tanıtım") shares over its balance sheet dated 31 July 2014. In accordance with "Closing Protocol" signed on 16 September 2014, for A.G.T. Tanıtım, TL 3.000 paid as of 31 December 2014 and remaining balance will be paid in 3 equal installments being USD 365 each on 16 September 2015, 16 September 2016 and 16 September 2017. In the accompanying consolidated financial statements as of 31 December 2014, regarding this acquisition TL 2.830 of goodwill was reflected as a result of temporarily recognition.

Goodwill calculation is presented below;

Cash and cash equivalents	115
Current assets	3.219
Non-current assets	115
Current liabilities	(166)
Fair value of net assets	3.283
Percentage of acquired net assets	%90
Shares of non-controlling interests	328
Total acquisition cost	5.785
Goodwill (Note 15)	2.830
Total acquisition cost	5.785
Amount will be paid	(2.785)
Amount paid in cash	3.000
Less: Cash and cash equivalents of acquired subsidiaries	(115)
Cash outflow regarding acquisition	2.885

Prior period business combinations

Acquisition of Elektronik Bilgi İletişim Hizmetleri Reklamcılık ve Ticaret A.Ş.

D&R, one of the subsidiaries of the Group, has completed acquisition and finished conveyancing of the shares representing the entire share capital of Elektronik Bilgi İletişim Hizmetleri Reklamcılık ve Ticaret A.Ş. ("EBİ") in 2013. The selling price of the shares representing the entire share capital of Elektronik Bilgi İletişim Hizmetleri Reklamcılık ve Ticaret A.Ş. specified by mutual "negotiated procedure" and buy and taken over by the Group's subsidiary D&R from Canan Çelebioğlu, Mehmet Budak, İdil Eser, Cahit Can Tokgöz and Mehmet Kaya (together the "Sellers") with the "Share Purchase and Sale Agreement" on 16 April 2013.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Prior period business combinations (Continued)

Acquisition of Elektronik Bilgi İletişim Hizmetleri Reklamcılık ve Ticaret A.Ş (continued)

The closure conditions determined by "Share Purchase and Sale Agreement" are performed by the closure date 10 May 2013 after paying TL 8.369 which is 75% of the revised conveyance/sale price, remaining 25% of sale and conveyance price was revised and finalized as TL 10.039 according to independently audited "Closing Date Finalized Financial Statements", and the rest of the selling price which is TL 1.670 was paid on 24 July 2013, so acquisition and conveyance operation was finalized. The difference amounting to TL 15.429 between net book value of Elektronik Bilgi İletişim Hizmetleri Reklamcılık ve Ticaret A.Ş. and purchase price as a result of temporarily recognition in line with TFRS 3 was recognized as positive goodwill in the consolidated financial statements as of 30 June 2013 (Note 15).

In accordance with TFRS 3, study of determining the fair value of identifiable assets and liabilities in order to recognize by using acquisition method, and accordingly the study of allocation of the acquisition cost study to tangible and intangible assets ("Purchase price allocation study") were concluded as of 31 December 2013 and , temporarily accounted goodwill of TL 13.967 recorded as internet domain name and TL 4.168 was recorded as customer relations. After the study of allocation of relevant purchase price cost, since there is no difference between fair value of acquired net assets and purchase price of EBİ, positive or negative goodwill have not been recognized to the records. EBİ was merged with D&R on 2 October 2013.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Prior period business combinations (Continued)

Acquisition of Elektronik Bilgi İletişim Hizmetleri Reklamcılık ve Ticaret A.Ş (continued)

The acquired assets and liabilities of EBI as of 10 May 2013, the fair value adjustments which is context of the purchase price allocation study are as follows:

	EBİ			
	Net Book Value	IFRS Adjustments	Fair Value Adjustment	Fair Value
Current assets				
Cash and cash equivalents	505	-	-	505
Trade and other receivables	810	-	-	810
Inventories	3.362	-	-	3.362
Other current assets	623	-	-	623
Non-current assets				
Tangible assets	945	-	-	945
Intangible assets	1.821	-	-	1.821
<i>Internet domain name (İdefix)</i>	-	-	11.108	11.108
<i>Internet domain name (Prefix)</i>	-	-	2.859	2.859
<i>Customer lists (İdefix)</i>	-	-	3.597	3.597
<i>Customer lists (Prefix)</i>	-	-	571	571
Deferred tax assets	-	921	-	921
Short term liabilities				
Financial borrowings	(3.147)	-	-	(3.147)
Trade payables	(8.755)	-	-	(8.755)
Other short term liabilities	(1.123)	-	-	(1.123)
Long term liabilities				
Long-term financial borrowings	(283)	-	-	(283)
Other long term liabilities	(148)	-	-	(148)
Deferred tax liabilities	-	-	(3.627)	(3.627)
	(5.390)	921	14.508	10.039
	TL			
Cash paid		10.039		
Cash and cash equivalents of acquired company (-)		(505)		
Net cash outflow		9.534		
Transferred amount		10.039		
Book value of net assets of acquired companies		10.039		
Goodwill		-		

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Prior period business combinations (Continued)

Acquisition of Doğan İnternet Yayıncılığı ve Yatırım A.Ş

Within the period ended by 30 September 2013, the Group acquired Doğan İnternet Yayıncılığı ve Yatırım A.Ş., an entity under common control, in consideration of TL 10.928. The difference amounting to TL 7.640 between net asset value and the cash paid was recognized in related account under equity attributable to the parent company.

Acquisition of D-Tes shares

75 % share acquisition process of D-Tes, which had been recognized as a joint venture as of 31 December 2012, has been concluded by 24 July 2013 with value TL 40 and TL 233 negative goodwill has been recorded as other operating income from investment activities.

NOTE 4 – INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

Joint venture	Country	Nature of business	Entrepreneurial partner
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Burda GmbH
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Burda GmbH
ASPM Holding B.V.	Netherland	Internet publishing	Autoscout24 GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine printing	Egmont
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.
Katalog Yayın ve Tanıtım Hizmetleri A.Ş. ("Katalog")	Turkey	Guide publishing	Seat Pagine Gialle SPA
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. ve Anadolu Endüstri Holding A.Ş.
İsedaş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("İsedaş")	Turkey	Energy	Tekser İnşaat Sanayi ve Ticaret A.Ş. ve Çukurova Holding A.Ş.
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Newage Alzarooni Limited
DD Finansman A.Ş. ("DD Finansman") ⁽¹⁾	Turkey	Housing finance	Deutsche Bank AG
Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. ("Nakkaştepe Gayrimenkul")	Turkey	Real estate	Rönesans Gayrimenkul Yatırım A.Ş.
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.	Turkey	Real estate	Rönesans Gayrimenkul Yatırım A.Ş.
SP Pronto Kiev	Ukrainian Newspaper and internet publishing		Feba Ltd., Tov Astra Publishing International Holding B.V.
TOV E-Prostir	Ukrainian	Internet publishing	Adrey I. Parkhomenko, Dimitrienko S. Nadia G. Malyarova

(1) Trade name of the related joint venture has been changed as "DD Finansman A.Ş." as of 8 July 2014.

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

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

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Doğan Burda	44,89	44,89	0,27	0,27	45,16	45,16	44,89	35,92
DPP	46,00	46,00	10,00	10,00	56,00	56,00	46,00	36,81
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	30,50	23,90
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	30,50	23,90
ASPM Holding B.V.	50,00	50,00	-	-	50,00	50,00	31,11	24,38
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	50,00	40,01
Ultra Kablolu ⁽¹⁾	50,00	50,00	-	-	50,00	50,00	50,00	40,01
Katalog ⁽²⁾	50,00	50,00	-	-	50,00	50,00	50,00	40,01
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
İsedaş ⁽³⁾	53,02	45,00	-	-	53,02	45,00	53,02	45,00
DD Finansman	47,00	47,00	4,00	4,00	51,00	51,00	47,00	47,00
Nakkaştepe Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00

- (1) The related joint venture has ceased its operations as of November 2006.
(2) The related joint venture has ceased its operations as of September 2009.
(3) Liquidation process of the related joint venture has been stopped as of 2 June 2014.

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

Profit and loss arising from the transactions between the Group's subsidiaries and its joint ventures is eliminated in accordance with the Group's share in its related subsidiary or its joint venture. The summary of Group's share of the financial statements of the investments accounted for under the equity method at 31 December 2014 is as follows:

	Total	Total	Net	Group's	Net	Profit/	Group's
31 December 2014	assets	liabilities	assets	share on net	sales	fort he	share on net
				assets		period	profit/ (loss)
Boyabat Elektrik	2.216.440	2.210.740	5.700	1.881	249.772	(140.270)	(46.289)
Aslancık Elektrik	485.114	372.188	112.926	37.266	33.728	(20.983)	(6.924)
DD Konut Finansman	632.899	591.916	40.983	19.262	47.633	(4.830)	(2.270)
Gas Plus Erbil	276.170	7.619	268.551	134.276	729	(1.420)	(710)
Nakkaştep							
Gayrimenkul	196.723	46.934	149.789	74.880	-	12.359	6.178
Kandilli Gayrimenkul	130.169	49.738	80.431	40.216	-	12.850	6.425
Doğan Burda	64.849	24.951	39.898	17.910	99.552	6.955	3.122
Other	52.597	16.762	35.835	17.817	51.709	(45)	113
Total	4.054.961	3.320.848	734.113	343.508	483.123	(135.384)	(40.355)

The summary of Group's share of the financial statements of the investments accounted for under the equity method at 31 December 2013 is as follows:

	Total	Total	Net	Group's	Net	Profit/	Group's
31 December 2013	assets	liabilities	assets	share on	sales	(loss) for	share on net
				net assets		the period	profit/ (loss)
Boyabat Elektrik	2.264.626	2.118.653	145.973	48.171	324.682	(343.158)	(113.242)
Aslancık Elektrik	454.824	347.087	107.737	35.553	-	(17.280)	(5.703)
DD Konut	517.793	471.557	46.236	21.731	42.609	2.336	1.098
Finansman							
Gas Plus Erbil	222.725	7.699	215.026	107.513	-	(122)	(61)
Nakkaştepe							
Gayrimenkul	168.828	40.898	127.930	63.952	-	11.380	5.689
Kandilli	115.535	63.975	51.560	25.780	-	(1.237)	(619)
Gayrimenkul							
Doğan Burda	62.972	27.566	35.406	15.894	100.694	2.416	1.085
Other	67.573	27.823	39.751	22.043	22.952	(34.969)	5.618
Total	3.874.876	3.105.257	769.619	340.637	490.937	(380.634)	(106.135)

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

Group's share on net assets of investments accounted for by the equity method as of 31 December 2014 and 31 December 2013 is as follow:

	Share (%)	31 December 2014	Share (%)	31 December 2013
Boyabat Elektrik	33%	1.881	33%	48.171
Aslancık Elektrik	33%	37.266	33%	35.553
DD Konut Finansman	47%	19.262	47%	21.731
Gas Plus Erbil	50%	134.276	50%	107.513
Nakkaştepe Gayrimenkul	50%	74.880	50%	63.952
Kandilli Gayrimenkul	50%	40.216	50%	25.780
Doğan Burda	45%	17.910	45%	15.894
Other		17.817		22.043
Total		343.508		340.637

Summary of financial liabilities of the investments accounted for by the equity method in the consolidated financial statements is as follows:

Financial Liabilities

	31 December 2014	31 December 2013
Boyabat Elektrik	1.992.637	1.997.084
Aslancık Elektrik	353.114	343.529
DD Finansman	581.130	313.154
Other	8.428	4.944
Total	2.935.309	2.658.711

Financial Liabilities

Boyabat Elektrik

Group's joint venture Boyabat Elektrik's construction of 513MW installed capacity dam-type hydroelectric power plant project at the township Boyabat in the province Sinop is after obtaining the necessary regulatory approvals became operational in 5 December 2012. Boyabat Elektrik's investment has been financed with the combination of debt and equity. According to preliminary protocol signed on 25 July 2008 and 31 August 2009 and credit contract signed on 15 January 2010, USD 750.000 credit was provided to Boyabat Elektrik by Turkish commerce banks' consortium. Bank loan was fully paid by Boyabat, as of 28 June 2013 and an early closure fee amounting to TL 26.759 was paid. Boyabat Elektrik obtained bank loan amounting to USD 540.000 and EUR 276.392 with interest rates of 3 months Libor+ 4% as of 28 June 2013 and by the balance sheet date entire amount of USD 540.000 and EUR 276.392 bank loans had been used. Boyabat Elektrik used a loan of USD 7.500 with an interest rate of 4.26% on 31 December 2013 and USD 30.000 with an interest rate ranging from 4% and 4.26% in 2014. Boyabat Elektrik paid back USD 39.512 of the loan USD 540.000 and EUR 20.223 of loan EUR 276.392 and USD 10.000 of total loan as USD 30.000 used within 2014. As of 31 December 2014, remaining liability for the loans is TL 1.992.637.

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

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

Financial Liabilities (Continued)

Aslancık Elektrik

Group's joint venture Aslancık Elektrik's construction of 120 MWm /93 MWe installed capacity hydro energy production facility in Giresun, Doğankent began in 2010 Based on the loan agreement signed on 24 January 2011, in total USD 160.000 of loan was provided to Aslancık Elektrik. In this context, Aslancık Elektrik used USD 160.000 amounted bank loan until 31 December 2013, and in accordance with re-payment schedule, payments reaching to maturity are made.As of 31 December 2014 amount of remaining credit is TL 353.114.

Under the loan agreement signed, entire shares of Boyabat Elektrik were pledged on behalf of lender banks. In the scope of the loan agreement signed on 24 January 2011, entire shares of Aslancık Elektrik were pledged on the behalf of financial institutions regarding share pledge agreement signed on the same date and additional share pledge agreements signed on various dates

Fixed Assets

	31 December 2014	31 December 2013
Boyabat Elektrik	1.942.696	1.944.489
Aslancık Elektrik	410.192	391.689
DD Finansman	1.057	1.486
Other	3.231	1.835
Total	2.357.176	2.339.499

Total amount related to the effective rate of the Group's share of deprecation and amortization of investments accounted for by the equity method is TL 25.189 (31 December 2013: TL 17.244).

NOTE 5 - SEGMENT REPORTING

a) External revenue

	1 January- 31 December 2014	1 January- 31 December 2013
Publishing	1.218.286	1.310.752
Broadcasting	1.177.180	1.121.180
Retail	512.090	407.102
Energy	272.331	156.711
Other	363.376	305.582
	3.543.263	3.301.327

b) Profit /(loss) before income taxes

	1 January- 31 December 2014	1 January- 31 December 2013
Publishing	(145.883)	(26.301)
Broadcasting	(209.380)	(137.062)
Retail	14.905	12.286
Energy	(65.547)	(208.042)
Other	136.276	309.145
	(269.629)	(49.618)

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended 31 December 2014;

	Publishing	Broadcasting	Retail	Energy	Other	Inter segment elimination	Total
External revenue	1.218.286	1.177.180	512.090	272.331	363.376	-	3.543.263
Inter segment revenue	51.468	21.517	2.601	23.591	44.839	-	144.016
Total revenue	1.269.754	1.198.697	514.691	295.922	408.215	-	3.687.279
Revenue	1.269.754	1.198.697	514.691	295.922	408.215	(144.016)	3.543.263
Cost of sales	(905.607)	(1.051.485)	(317.737)	(246.076)	(283.736)	45.032	(2.759.609)
Gross profit	364.147	147.212	196.954	49.846	124.479	(98.984)	783.654
General administrative expenses	(180.954)	(101.011)	(14.989)	(5.506)	(117.486)	80.706	(339.240)
Marketing selling and distribution expenses	(172.844)	(145.595)	(171.084)	(24.945)	(15.635)	17.041	(513.062)
Share of gain/ (loss) on investments accounted for by using equity method	2.967	-	-	(53.119)	9.797	-	(40.355)
Other income/(expenses) from operations, net	84.061	(24.381)	2.941	764	89.250	(4.272)	148.363
Income/ (Expense) from investing activities	(97.423)	(4.991)	-	(6.254)	141.698	-	33.030
Financial income / (expenses)	(145.837)	(80.614)	1.083	(26.333)	(95.827)	5.509	(342.019)
Profit/ (Loss) before taxes	(145.883)	(209.380)	14.905	(65.547)	136.276	-	(269.629)

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended 31 December 2013:

	Publishing	Broadcasting	Retail	Energy	Other	Inter segment elimination	Total
External revenue	1.310.752	1.121.180	407.102	156.711	305.582	-	3.301.327
Inter segment revenue	58.448	30.440	2.865	16.717	39.630	-	148.100
Total revenue	1.369.200	1.151.620	409.967	173.428	345.212	-	3.449.427
Revenue	1.369.200	1.151.620	409.967	173.428	345.212	(148.100)	3.301.327
Cost of sales	(971.027)	(890.890)	(253.202)	(141.559)	(262.770)	65.259	(2.454.189)
Gross profit	398.173	260.730	156.765	31.869	82.442	(82.841)	847.138
General administrative expenses	(194.266)	(116.512)	(13.307)	(5.297)	(106.600)	64.086	(371.896)
Marketing selling and distribution expenses	(194.977)	(141.197)	(133.986)	(462)	(10.979)	20.481	(461.120)
Share of gain/ (loss) on investments accounted for by using equity method	2.419	(226)	-	(119.121)	10.793	-	(106.135)
Other income/(expenses) from operations, net	80.249	(10.820)	4.632	2.772	363.044	(47.357)	392.520
Income/ (Expense) from investing activities	708	48.722	185	(20.137)	69.924	5.464	104.866
Financial income / (expenses)	(118.607)	(177.759)	(2.003)	(97.666)	(99.479)	40.523	(454.991)
Profit/ (Loss) before taxes	(26.301)	(137.062)	12.286	(208.042)	309.145	356	(49.618)

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NOTE 5 - SEGMENT REPORTING (Continued)**d) Segment assets**

	31 December 2014	31 December 2013
<u>Total assets</u>		
Publishing	1.176.767	1.758.992
Broadcasting	1.347.983	1.276.501
Retail	259.011	216.062
Energy	572.596	546.266
Other	7.306.634	5.662.291
	10.662.991	9.460.112
Less: segment elimination ⁽¹⁾	(3.785.656)	(1.872.139)
Total assets per consolidated financial statements	6.877.335	7.587.973
<u>Shareholder's equity</u>		
Publishing and broadcasting	1.003.699	1.492.720
Retail	66.246	60.213
Energy	539.463	727.092
Other	6.837.096	5.181.617
Total	8.446.504	7.461.642
Less: segment elimination ⁽²⁾	(5.691.285)	(3.461.207)
Total shareholders' equity per consolidated financial statements	2.909.850	4.000.435
Non-controlling interests	(154.631)	(750.248)
Total shareholder's equity	2.755.219	3.250.187

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

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

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NOTE 5 - SEGMENT REPORTING (Continued)**e) Capital expenditures for property, plant and equipment, intangible assets and investment properties with depreciation and amortization charge**

	1 January - 31 December 2014	1 January - 31 December 2013
<u>Purchases</u>		
Publishing	53.496	31.560
Broadcasting	188.347	204.925
Retail	8.872	29.001
Energy	3.049	3.709
Other	30.169	38.671
Total	283.933	307.866

Amortization and depreciation

Publishing	75.541	82.954
Broadcasting	164.414	122.714
Retail	7.930	7.289
Energy	24.225	23.065
Other	23.434	22.378
Total	295.544	258.400

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NOTE 6 – CASH AND CASH EQUIVALENTS

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

	31 December 2014	31 December 2013
Cash	1.886	2.318
Banks		
- demand deposits	187.812	221.924
- time deposits	1.759.236	1.772.662
Other current assets	217.976	219.457
	2.166.910	2.216.361

As of 31 December 2014 the effective interest rates of USD, EUR and TL denominated time deposits are between 0.15% and 3.00% (31 December 2013: 0.35%-6.00%), 0.05% and 10,00% (31 December 2013: %0,2 -%6,75) and 5,00% and 11,50% (31 December 2013: %5,98 -%10,16), respectively and its maturity is shorter than 3 months.

As of 31 December 2014, other current assets consist of credit card slip receivables amounting to TL 75.757 (31 December 2013:72.152) and blocked deposits, mainly belonging to Doğan Holding due to bank borrowings of the Group's subsidiaries, and having terms shorter than 3 months, amounting to TL 142.219 (31 December 2013: TL 147.305).

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

	31 December 2014	31 December 2013	31 December 2012
Cash and cash equivalents	2.166.910	2.216.361	2.160.698
Accrued interest (-)	(3.606)	(7.354)	(29.833)
Cash and cash equivalents	2.163.304	2.209.007	2.130.865

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NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

Group's available for sale financial assets (Note 2.1.3.e.) classified as short term financial investments as follows:

	31 December 2014	31 December 2013
Private sector bonds and bills	88.773	136.465
	88.773	136.465

Private sector bonds and bills dominated in TL and USD and weighted average interest rates are 12,08%, 6,29% (31 December 2013: TL 9,58%, USD 6,46%, EUR5 64 %).

b) Long-term financial investments

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

	31 December 2014		31 December 2013	
	TL	%	TL	%
Lexin Nassau L.P. ⁽¹⁾	24.001	22,15	-	-
Aks Televizyon Reklamcılık ve Filmcilik Sanayi ve Ticaret A.Ş. ("Aks TV")	2.923	9	2.923	9
POAŞ ⁽²⁾	984	<1	803	<1
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.	1.067	<1	800	<1
Other ⁽³⁾	3.814	<1	1.440	<1
Less: provision for impairment ⁽⁴⁾	(2.923)		(2.923)	
	29.866		3.043	

(1) The entity is the subsidiary of M Investment which has been established by the Group's subsidiary Milta on 14 April 2014 for real estate investments in America.

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

(3) The entities established for sales and marketing of the products, produced by the Group's subsidiary Ditaş, in America and and Asia-Pacific countries; Ditaş America, Ditaş Trading and D-Story Ltd established within 2014 have not been consolidated by full consolidation method since they have not started to operate as of 31 December 2014 and financial investments amounting to TL 641 classified in "other".

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

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NOTE 8 – SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowing

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

Short-term financial borrowings:	31 December 2014	31 December 2013
Short term bank borrowings	445.983	595.843
Interest bearing payables to suppliers	2.140	6.436
Factoring borrowing	6.015	-
Finance lease borrowings	9.553	10.251
Total	463.691	612.530

Short-term portion of long-term financial borrowings:	31 December 2014	31 December 2013
Short-term portion of long-term bank borrowings	530.857	426.418
Total	530.857	426.418

Long-term financial borrowings:	31 December 2014	31 December 2013
Long term bank borrowings	1.106.957	1.046.356
Interest bearing payables to suppliers	-	4.693
Finance lease borrowings	1.680	8.390
Total	1.108.637	1.059.439

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

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

	31 December 2014			31 December 2013		
	Interest rate per annum (%)	Original foreign currency	TL	Interest rate per annum (%)	Original foreign currency	TL
Short-term bank borrowings:						
TL denominated bank borrowings	0 - 11,5	351.148	351.148	0 - 10,30	131.454	131.454
USD denominated bank borrowings	2,63 - 4,65	3.638	8.436	3,25 - 5,45	160.724	343.033
EUR denominated bank borrowings	2,8 - 4,8	30.630	86.399	3,50 - 5,08	41.327	121.356
Sub-total			445.983			595.843
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	3 - 10,8	36.202	36.202	11,20	2.890	2.890
USD denominated bank borrowings	1 - 6,25	181.920	421.854	3-6,45	186.575	398.207
EUR denominated bank borrowings	3,53 - 5,71	25.809	72.801	3,25-5,71	8.623	25.321
Sub-total			530.857			426.418
Total short-term bank borrowings			976.840			1.022.261
Long-term bank borrowings:						
TL denominated bank borrowings	3 - 13,75	415.338	415.338	9,75 - 11,20	104.124	104.124
USD denominated bank borrowings	1 - 6,25	107.362	248.962	3,25 - 6,25	242.138	516.795
EUR denominated bank borrowings	3,25 - 5,71	156.932	442.657	3,25 - 5,71	144.879	425.437
Total long-term bank borrowings			1.106.957			1.046.356

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

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

	31 December 2014	31 December 2013
2015	-	339.101
2016	780.432	500.022
2017	143.738	207.233
2018 and after	182.787	-
	1.106.957	1.046.356

The floating rate bank borrowings of the Group denominated in USD have interest rates fluctuating between Libor + 0.85% and Libor + 5 % and floating rate bank borrowings denominated in EUR have interest rates fluctuating between Euribor + 0,5% and Euribor + 5% (31 December 2013: Libor +0.85 and Libor+ 5.00%).

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

Commitments and financial terms about borrowings

Publishing

Deposit amounting to USD 35.000 of Doğan Holding has been blocked as collateral in accordance with the loan agreement amounting to USD 35.000 of its indirect subsidiary TME. (Note 19).

Energy

Galata Wind

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

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

Finance lease liabilities:

The Group acquired property, plant and equipment through finance leases. As of 31 December 2014, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 11.233 (31 December 2013: 18.641 TL).

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

	31 December 2014	31 December 2013
2015 and after	1.680	8.390
Total	1.680	8.390

Allocation of borrowings with fixed and floating interest rates of the Group excluding financial liabilities to be paid to the suppliers as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Loans with fixed interest rates (Note34)	1.508.053	988.748
Loans with floating interest rates (Note34)	592.992	1.098.510
Total	2.101.045	2.087.258

Interest bearing payables to suppliers

Interest bearing payables to suppliers are related to the machinery and equipment purchases of Hürriyet and, a subsidiary of Doğan Holding. Interest rates of these short and long-term payables in EUR 0,68% (31 December 2013: EUR %1,60).

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

	31 December 2014	31 December 2013
2015 and after	-	4.693
Total	-	4.693

As of 31 December 2014, the Group's short-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 2.140 (31 December 2013: TL 6.436), long-term financial liabilities at variable interest is not available (31 December 2013: TL 2.226). As of 31 December 2014 long-term financial liabilities to suppliers at fixed rate is not available (31 December 2013: TL 2.467) (Note 34).

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

Interest bearing payables to suppliers (continued)

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

	31 December 2014	31 December 2013
6 months and less	2.140	8.662
Between 1-5 year	-	2.467
Total	2.140	11.129

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

b) Other financial liabilities

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

Other short term financial liabilities:	31 December 2014	31 December 2013
Financial liabilities due to call and put options (Note34) ⁽¹⁾	178.490	199.365
	178.490	199.365

Other long term financial liabilities:	31 December 2014	31 December 2013
Financial liabilities due to call and put options (Note34) ⁽¹⁾	602.629	183.182
	602.629	183.182

⁽¹⁾ As of 31 December 2014 discounted total liability regarding DTVH Option Purchase agreement is TL 781.119. (31 December 2013: TL 382.547). Total amount is presented separately as the following: TL 178.490 of stated amount (31 December 2013: TL 199.365) in "short-term other financial liabilities", TL 602.629 in "long-term other financial liabilities". (31 December 2013: TL 183.182) "Share Purchase Agreement" and "Shareholders Agreement" related to liability were amended at 2 October 2014 (Note17).

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

<u>Short-term trade receivables</u>	31 December 2014	31 December 2013
Trade receivables	1.127.327	987.793
Notes and cheques receivable	23.000	33.323
Income accruals	4.790	5.981
Total	1.155.117	1.027.097
Less: unearned financial income due to sales with maturity	(6.265)	(6.595)
Less: provision for doubtful receivables (-)	(268.953)	(232.160)
Total	879.899	788.342

In the publishing segment of the Group, the average maturity of not overdue trade receivables and that are followed by Doğan Faktoring is between 70 to 102 days as of the balance sheet date (31 December 2013: 67-101 days). In the broadcasting segment of the Group, the average maturity of not overdue trade receivables is 108 days as of the balance sheet date (31 December 2013: 101 days). In the media segment of the Group, the average maturity of not overdue trade receivables is 45 days as of the balance sheet date (31 December 2013: 45 days). In the other segment of the Group, the average maturity of not overdue trade receivables is between 30 and 108 days as of the balance sheet date (31 December 2013: 30-90 days). Average discount rate calculated as annual compound of trade receivables is 12,01% (31 December 2013: 12,01%).

<u>Long-term trade receivables</u>	31 December 2014	31 December 2013
Notes and cheques receivable ⁽¹⁾	3.697	3.507
Unearned financial income due to sales with maturity	(786)	(783)
	2.911	2.724

1)Notes receivables consist of sales with maturity of Milpa's Automall, Veneris and Milpark Projects, a subsidiary of the group in 2012, 2013 and 2014.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2014	2013
1 January	(232.160)	(201.844)
Provision booked in the current period (Note27)	(52.819)	(35.421)
Disposal of subsidiary	5.509	4.415
Acquisition of subsidiary	-	(2.776)
Collections and cancelled provisions	9.316	17.760
Currency translation differences	(213)	1.272
Merger effect	-	(15.566)
Reversal of uncollectable receivables	1.414	-
31 December	(268.953)	(232.160)

Guarantees for trade receivables

As of 31 December 2014, trade receivables of amounting to TL 227.226 (31 December 2013: TL 181.702), were past due but not impaired. The Group does not foresee any collection risk for these overdue receivables due to sector dynamics and circumstances as of reporting date.

As of 31 December 2014, the Group has letters of guarantee, guarantee notes, guarantee cheques, bails, receivable insurance, pledges and mortgages amounting to TL 84.530 (31 December 2013: TL 74.221) related to trade receivables amounting to TL 882.810 (31 December 2013: TL 791.066).

The guarantees received for the total trade receivables of the Group consist of bank guarantee letter amounting to TL 6.151 (31 December 2013: TL 5.233), bails and mortgages amounting to TL 37.893 (31 December 2013: TL 36.783), checks and notes amounting to TL 10.962 (31 December 2013: TL 9.624), receivable insurance amounting to TL 29.444 (31 December 2013: TL 22.581), vehicle pledge amounting to TL 80. In these guarantees, bank guarantee letter amounting to TL 1.222, bails and mortgages amounting to TL 19.068, cheques and notes amounting to TL 6.993, receivable insurance amounting to TL 8.868 and vehicle pledge amounting to TL 80 was received for overdue but not impaired receivables. (31 December 2013: bank guarantee letter amounting to TL 1.344, bails and mortgages amounting to TL 19.552, cheques and notes amounting to TL 7.487, receivable insurance amounting to TL 4.356 was received overdue but not impaired receivables. (Note 34).

Short-term trade payables

	31 December 2014	31 December 2013
Trade payables	553.552	435.289
Provision for liabilities and expenses	31.198	57.828
Provision for broadcasted programmes	2.891	2.237
Notes payables and cheques	9.480	3.965
Other payables	1.007	51
Less: deferred financial expense due to purchase with maturity	(1.601)	(1.218)
Total	596.527	498.152

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

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
Other short-term receivables		
Notes receivables ^{(1) (2)}	11.259	105.020
Deposits and guarantees given	3.182	3.498
Other miscellaneous receivables	5.882	1.206
	20.323	109.724
Other long-term receivables		
Notes receivable ^{(3) (4)}	12.093	11.456
TEIAS power transmission line receivables ⁽⁵⁾	7.948	8.000
Deposits and guarantees given	2.175	3.226
Other miscellaneous receivables	-	5
	22.216	22.687

- (1) TL 11.210 (31 December 2013: TL 31.443) of short-term notes receivables and (31 December 2013: TL 10.243 long term notes receivables) of long-term notes receivables are composed from the sales of shares of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names to DK Gazetecilik ve Yayıncılık A.Ş. at 2 May 2011. Notes receivables are shown at discounted amounts. The discount amount as of 31 December 2014 is TL 49 (31 December 2013: TL 883).
- (2) Hürriyet, a subsidiary of the Group, sold the properties that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, İstanbul in 2012 to Nürol Gayrimenkul Yatırım Ortaklığı in consideration of USD 127.500 (TL 225.994), excluding late interest. USD 17.500 of the consideration was paid in cash and the remaining portion which amounts to USD 110.000 is payable in 32 equal installments as of 6 March 2012 by applying 3,5% interest rate for the remaining installment portions. As of 31 December 2013, USD 34.375 (TL 73.367) of the related consideration is recognized as short-term notes receivables and cheques. Interest amount that is collectible in relation to principal amount is USD 6.396 in total, and USD 2.014 (TL 3.570) of the related amount, excluding VAT, was collected in 2013, and remaining balance has been collected in 2014 and recognized under other income from operating activities in accompanying consolidated financial statements. Interest accrual for the period 31 December 2013, calculated by effective interest rate is USD 99, and recognized under short-term receivable notes and cheques and income from investing activities in the accompanying consolidated financial statements.
- (3) Long-term notes receivable amounting to TL 1.051 (31 December 2013: TL 1.213) consist of the notes receivables of other subsidiaries.
- (4) "Superficies Right" of Milta Turizm, a subsidiary of the Group, registered on 23 December 2013 to the deed, for 49 years beginning from 11 April 1985 on 92.476m2 sized surface in Göynük village of Kemer, Antalya has been sold to Ceylan İşletme İnşaat Turizm Yatırım Nakliyat Gıda İçecek Sanayi ve Ticaret A.Ş. for EUR 20.000 on 18 February 2014 by negotiation. EUR 15.000 will be paid upfront and the remaining EUR 5.000 will be collected in four equal installments (EUR 1.250) beginning from 31 August 2015 until 31 August 2018. As of 31 December 2014, related notes were accounted with discount of TL 11.042 under long term other receivables.
- (5) A The amount consists of the receivables of Akdeniz Elektrik and Galata Wind from the power transmission line of TEİAŞ.

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2014	31 December 2013
Other Short Term Payables		
Taxes and funds payable	41.338	51.083
Deposits and guarantees received	834	482
Other short term payables	7.925	2.347
	50.097	53.912
Other Long Term Payables		
Deposits and guarantees received	20.044	13.658
Other long term payables	237	652
	20.281	14.310

NOTE 11 - INVENTORIES

	31 December 2014	31 December 2013
Short term inventory		
Finished goods and merchandise ⁽¹⁾	167.203	173.772
Raw materials and supplies	75.135	84.856
Semi-finished goods	12.473	9.822
Promotion stocks	4.807	5.037
Other inventories	866	8.386
	260.484	281.873
Provision for impairment of inventory	(12.597)	(8.056)
	247.887	273.817

(1) As of 31 December 2014 TL 17.665 (31 December 2013: TL 26.701) of finished goods consists of the real estate inventories held by the subsidiary Milpa.

As of 31 December 2014, TL 82 (31 December 2013: TL 206) depreciation and amortization expense have been reflected to the inventories.

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

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NOTE 11 - INVENTORIES (Continued)

The movement of the provision for impairment of inventories for the years ended 31 December 2014 and 2013 are as follows:

	2014	2013
1 January	(8.056)	(7.547)
Provision booked in the current period (Note27)	(4.946)	(1.917)
Reversal of provision for inventories	405	1.408
31 December	(12.597)	(8.056)

NOTE 12 - BIOLOGICAL ASSETS

Biological assets of Doğan Organik, a Group's subsidiary, amounted to TL 24 as of 31 December 2014 (31 December 2013: TL 219).

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NOTE 13 - INVESTMENT PROPERTY

The movement of investment property during the periods ended 31 December 2014 and 31 December 2013 are as follows.

	1 January 2014	Additions	Disposals	Transfers	Fair Value adjustment	Impairment adjustment	Currency translation differences	31 December 2014
Land	170.683	-	(8.607)	-	28.367	(4.245)	1.728	187.926
Building	55.481	34.603	(37.003)	510	3.404	(1.443)	-	55.552
Net book value	226.164							243.478

	1 January 2013	Additions	Disposals	Transfers	Fair Value adjustment	Currency translation differences	31 December 2013
Land	146.113	851	-	-	13.931	9.788	170.683
Buildings	83.263	19.315	(25.546)	(60.115)	38.564	-	55.481
Net book value	229.376						226.164

The group has generated a rent income of TL 1.172 from investment properties (31 December 2013: TL 5.986). Direct operating costs in the current period resulting from investment properties is TL 196 (31 December 2013: TL 1.270). There is no collateral or mortgage on investment properties of the Group.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movement of the property, plant and equipment for the periods ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	Transfers	Disposal of subsidiary	Acquisition of subsidiary	Currency Translation differences	31 December 2014
Cost:								
Land and land improvements	114.745	324	(8.269)	12	-	-	(597)	106.215
Buildings	139.353	2.573	(3.400)	-	-	-	(6.453)	132.073
Machine and equipments	1.174.622	9.985	(7.152)	6.680	(74.764)	-	23.006	1.132.377
Motor vehicles	112.944	17.455	(13.664)	-	(84)	-	(4.849)	111.802
Furniture and fixtures	428.281	64.304	(23.476)	5.243	(1.039)	-	9.525	482.838
Leasehold tangible assets improvements	136.920	4.699	(4.724)	822	(299)	-	214	137.632
Other non-current assets	9.546	-	-	-	-	-	-	9.546
Construction in progress	9.135	13.726	(2.093)	(12.757)	(2)	-	2.209	10.218
	2.125.546	113.066	(62.778)	-	(76.188)	-	23.055	2.122.701
Accumulated depreciation:								
Land and land improvements	5.467	520	-	-	-	-	-	5.987
Buildings	79.568	5.100	(1.409)	-	-	-	(5.748)	77.511
Machine and equipments	777.905	64.098	(4.283)	-	(60.336)	-	14.657	792.041
Motor vehicles	58.029	10.242	(4.113)	-	(84)	-	(1.626)	62.448
Furniture and fixtures	221.732	53.930	(12.493)	-	(942)	-	11.463	273.690
Leasehold tangible assets improvements	80.729	10.750	(1.186)	-	(281)	-	(254)	89.758
Other non-current assets	832	-	-	-	-	-	-	832
	1.224.262	144.640	(23.484)	-	(61.643)	-	18.492	1.302.267
Net book value	901.284							820.434

There is a mortgage of TL 18.335 on property, plant and equipment as of 31 December 2014. (31 December 2013: TL 19.087). Net book value of property, plant and equipment acquired by leasing is TL 9.872 as of 31 December 2014. (31 December 2013: TL 11.181).

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2013	Additions	Disposals	Transfers	Classified as assets held for sale ⁽¹⁾	Acquisition of subsidiary	Disposal of subsidiary ⁽²⁾	Currency Translation differences	31 December 2013
Cost:									
Land and land improvements	115.756	275	(39)	281	(4.998)	-	-	3.470	114.745
Buildings	137.542	108	(170)	(459)	(280)	-	-	2.612	139.353
Machine and equipments	1.108.171	20.338	(7.955)	41.205	-	330	-	12.533	1.174.622
Motor vehicles	104.479	15.937	(8.233)	-	-	-	-	761	112.944
Furniture and fixtures	370.937	80.288	(24.542)	850	(3.225)	3.879	(172)	266	428.281
Leasehold tangible assets improvements	125.724	10.542	(193)	480	(411)	285	-	493	136.920
Other non-current assets	9.548	-	(2)	-	-	-	-	-	9.546
Construction in progress	43.954	28.157	(19.142)	(42.357)	(1.220)	547	-	(804)	9.135
	2.016.111	155.645	(60.276)	-	(10.134)	5.041	(172)	19.331	2.125.546
Accumulated depreciation:									
Land and land improvements	5.094	389	(16)	-	-	-	-	-	5.467
Buildings	71.813	5.321	(1)	-	(82)	-	-	2.517	79.568
Machine and equipments	704.224	67.709	(5.746)	-	-	179	-	11.539	777.905
Motor vehicles	51.666	10.194	(3.842)	-	-	-	-	11	58.029
Furniture and fixtures	185.004	46.519	(10.297)	-	(2.828)	2.663	(156)	827	221.732
Leasehold tangible assets improvements	70.677	9.799	(70)	-	(97)	-	-	420	80.729
Other non-current assets	721	111	-	-	-	-	-	-	832
	1.089.199	140.042	(19.972)	-	(3.007)	2.842	(156)	15.314	1.224.262
Net book value	926.912								901.284

⁽¹⁾ Group has agreed to sell its land with the size of 17,725.69 m2 located in Esenyurt district of İstanbul for USD 9.000. The land was classified as long term assets held for sale with regard to this agreement. Additionally, the Group's subsidiaries operating in Hungary and Croatia were classified as long term assets held for sale.

⁽²⁾ Group disposed its subsidiary, Moje Delo Spletni Marketing d.o.o's shares in 2013.

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NOTE 15 – INTANGIBLE ASSETS

	1 January 2014	Additions	Disposals	Transfer	Currency translation differences	Impairment	31 December 2014
Cost:							
Customer list	341.351	-	-	-	(114.956)	-	226.395
Trade names and licenses (Media)	318.688	-	-	-	(118.114)	(2.699)	197.875
Electricity production license	355.044	1.393	(70)	-	-	-	356.367
Other	461.548	53.964	(4.747)	(9.014)	(17.419)	-	484.332
	1.476.631	55.357	(4.817)	(9.014)	(250.489)	(2.699)	1.264.969
Accumulated amortization:							
Customer list	144.206	15.168	-	-	(47.381)	-	111.993
Trade names and licenses (Media)	21.763	1.418	-	-	(4.431)	-	18.750
Electricity production license	13.747	683	-	-	(27)	-	14.403
Other	317.542	58.062	(4.407)	(9.014)	(11.832)	-	350.351
	497.258	75.331	(4.407)	(9.014)	(63.671)	-	495.497
Television program rights (3)	76.471						82.797
Net book value	1.055.844						852.269

Movement of television program rights for 2014 is as follow:

	1 January 2014	Additions	Discontinued operations	Depreciation	Currency translation differences	Provision for impairment of program rights and inventory	31 December 2014
<u>Television program rights</u>	76.471	80.907	-	(75.573)	4.518	(3.526)	82.797

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NOTE 15 – INTANGIBLE ASSETS (Continued)

	1 January 2013	Additions	Disposals	Classified as assets held for sale	Currency translation differences	Consolidation change effect	31 December 2013
Cost:							
Customer list	310.305	-	-	(31.039)	62.085	-	341.351
Trade names and licenses (Media)	295.435	-	-	(13.316)	36.569	-	318.688
Electricity production license	355.044	-	-	-	-	-	355.044
Other	401.354	72.654	(3.970)	(23.179)	9.585	5.104	461.548
	1.362.138	72.654	(3.970)	(67.534)	108.239	5.104	1.476.631
Accumulated amortization:							
Customer list	108.192	19.273	-	(23.279)	39.388	632	144.206
Trade names and licenses (Media)	19.200	1.491	-	-	1.072	-	21.763
Electricity production license	4.611	7.647	-	-	-	1.489	13.747
Other	281.083	47.910	(3.250)	(19.488)	8.894	2.393	317.542
	413.086	76.321	(3.250)	(42.767)	49.354	4.514	497.258
Television program rights (3)	56.988						76.471
Net book value	1.006.040						1.055.844

Movement of television program rights for 2013 is as follows:

	1 January 2013	Additions	Discontinued operations	Depreciation	Currency translation differences	Provision for impairment of program rights and impairment	31 December 2013
Televizyon program hakları	56.988	59.401	-	(42.037)	2.729	(610)	76.471

⁽¹⁾ Moje Delo, spletni marketing d.o.o subsidiaries of the Group, has been disposed of shares in 2013.

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NOTE 15 – INTANGIBLE ASSETS (Continued)

Intangible assets with indefinite useful lives

As of 31 December 2014, the Group has determined that brand names with carrying value of TL 194.329 have indefinite useful lives (31 December 2013: TL 291.484). The utilization period of brand names with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

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

	2014	2013
1 January	520.005	518.914
Acquisition of subsidiary (Note3)	2.830	-
Currency translation differences	(43.516)	11.092
Provision for goodwill impairment (Note2, 28) (-)	(83.752)	-
Disposal of subsidiary ⁽¹⁾	-	(6.458)
Other ⁽²⁾	-	(3.543)
31 December	395.567	520.005

(1) The Group disposed its subsidiary shares, Moje Delo Spletni Marketing d.o.o in 2013 in accordance with legislation in Slovenia.

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

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NOTE 16 - GOVERNMENT GRANTS

- The Group, obtained six investment incentives certificate for the imported equipments amounting to USD 13.805 and domestic equipments amounting to TL 1.502 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT. The investments amounting to USD 13.595 for imported equipments and TL 1.502 for domestic equipments are realized within these certificates as of 31 December 2014 (31 December 2013: Imported equipments USD 13.595 and domestic equipments TL 1.502).
- Ditaş, a subsidiary of the Group, benefit from the insurance premium incentive under the scope of Social Security and General Health Insurance Law (Law 5510). In this context, the incentive of the insurance premium amounting to TL 710 (31 December 2013: TL 811) is recorded against the labour expense under cost of goods sold in the financial statements.
- A subsidiary of the Group Ditaş, benefited from 60% tax discount, 20% investment participation ratio, insurance premium employer share support and VAT exception for 3 year-term, exemption from customs duty and interest support within the scope of Investment Incentive Certificate numbered 99777 and dated as 27 January 2011 amounting to TL 9.589 received from General Directorate Of State Aids of Undersecretariat of Treasury in order to increase production capacity and modernization. Incentive certificate has expired as of January 2015.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	31 December 2014	31 December 2013
Provision for lawsuits	41.335	31.189
ICTA Penalty	2.478	-
Other	996	392
	44.809	31.581

Movement of lawsuit provisions for the periods ended 31 December 2014 and 2013 are as follows:

	2014	2013
1 January	31.189	28.712
Additions within the period (Note27)	16.121	8.997
Classification of put option ⁽¹⁾	17.742	-
Payments regarding provisions	(16.825)	(5.124)
Reversed provisions booked previously	(6.776)	(1.396)
Disposal of subsidiary	(116)	-
31 December	41.335	31.189

⁽¹⁾ There was controversy between TCM Adria d.o.o, a subsidiary of the Group, which has 70% shares of Oglasnik d.o.o and owners of remaining 30% and non controlling interests about put option of non controlling interest's shares to TCM Adria d.o.o and/or to the Group. The arbitration process ongoing in Zagreb Arbitration Court has been resulted; accordingly the option was decided as invalid and a compensation in favor of the minorities was decided due to the loss occurred. The judgment has been appealed on 5 November 2014 and the suspension of the payment has been filed. As of 31 December 2014 in line with the precautionary principle of the accounting, the liability previously calculated related to "option" was calculated considering the interest (TL 17.742) and recorded as "provision for lawsuit". In case the appeal process would result in favor of the Group, the liability will disappear; otherwise, costs of the lawsuit with additional interests will be calculated and recorded in the period of occurrence.

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

(a) Law Cases

The amount of lawsuits against the Group is TL 85.606 as of 31 December 2014 (31 December 2013: TL 80.623).

	31 December 2014	31 December 2013
Legal cases	74.816	65.797
Commercial cases	1.166	5.552
Business cases	9.059	7.664
Other	565	1.610
Total	85.606	80.623

A provision for lawsuits filed against the Group whose details are given above amounting to TL 41.335 has been provided with reference to the opinions of the Group's legal advisors and past experience of management related to similar litigations against the Group (31 December 2013: TL 31.189). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against publishing and broadcasting companies and lawsuits initiated by the Radio and Television Supreme Council.

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

Amendment of the Share Purchase and the Shareholder Agreements

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

1- Provided that it shall take place earliest on 30 January, 2015, and to be used in return for 50.000 EUR, the Axel Springer Group has an "put option" for 34.183.593 (exact)shares, and Doğan Holding has a "commitment to buy" ("DTV Put Option I"). The Axel Springer Group may exercise all or a part of its "put option". Payable amount will include interest calculated based on the 12-months compound Euro Libor plus 100 basis points as of January 2, 2007. There is a letter of guarantee given to the Axel Springer Group by our Company for those 34.183.593 (exact)shares, with a value of 50.000 EUR. Within the scope of the exercise of such "put option", 1.902.118(exact) DTV bonus shares from the previous capital increase will also be delivered as bonus shares. Thus, within the scope of such option, the total number of shares to be delivered to Doğan Holding will be 36.085.711 (exact) (approximately 2.65% of the current DTV capital (As described in Note 36, related transaction was realized on 30 January 2015, and EUR 63.346.606,10 payment was made to Commerz-Film GmbH by Doğan Holding in return for the exercise of put option. After the transaction, direct share of Doğan Holding in DTV equity is realized as 87.87%).

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

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

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

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

Option Exercise Table:

Option	Share amounts subject to option	Current capital ratio of DTV (%)	Option exercise Costs (EUR)(exact)	Earliest Option Exercise Dates
2016	39.870.037	2,93	55.243.523,89	29.01.2016
2020/I	10.873.646	0,80	15.066.414,94	30.06.2020
2020/II	85.176.896	6,26	118.020.255,25	30.06.2020
2022	27.184.078	2,00	37.666.038,82	31.01.2022
TOTAL	163.104.657	11,99	225.996.232,90	

Axel Springer Group may exercise all or a part of its "put option. Amounts to be paid are final, meaning that additional interest can not be charged. Only, the interest to be calculated taking as the basis annual compound 12-month Euro Libor plus 100 basis points from 29.01.2016 to 30.06.2020 shall be added to the sum to be paid for the "DTV Put Option 2020/I". Within the scope of such options, four separate "letters of guarantee" have been given to the Axel Springer Group by our Company with a total value of EUR 225.996 for the 163.104.657 (exact)Doğan TV Holding securities to be taken by Doğan Holding.

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

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

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

- a. In case of an initial public offering of the "Axel Shares" between the dates 01.01.2015 and 31.01.2022, the following shall be applicable for the value of the "Axel Shares" based on the three months average share price following the initial public offering ("Value of the Share Sold"),

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

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

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

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

ii. If higher than the "Initial Sales Price", the amount to be found by deducting the interest calculated based on the "Initial Sales Price" from the positive difference between the "Value of the Share Sold" and the "Initial Sales Price" (interest shall be calculated taking as the basis annual compound 12-month Euro Libor plus 100 basis points as of January 2, 2007) shall equally be shared between the Axel Springer Group and Doğan Holding.

iii. In case an initial public offering does not take place for the "Axel Shares" until January 31, 2022, and in case the "Fair Value" of DTV to be determined with specified valuation techniques on 31.12.2021 (shall be taken into account based on the extent of the shares the Axel Springer Group has in the DTV capital as of 31.12.2021) is lower than the "Initial Sales Price", the negative difference between the "Fair Value" of DTV as of 31.12.2021 and the "Initial Sales Price" shall be paid by Doğan Holding to the Axel Springer Group.

The liability for unconditional "commitment to buy" of Doğan Holding mentioned above was recorded under "financial liability" in accompanying consolidated financial statements as of 31 December 2014 amounting to TL 781.119 calculated over discounted cash outflows will take place in the future. "Non-controlling interests" as the amount representing the shares belonging Axel Springer were removed from the consolidated financial statements. Since the transaction did not result in any change of control over DTV on the date of transfer of shares, the difference between recorded financial liability and removed non-controlling interests directly recognized under equity.

c) Doğan TV Digital Platform İşletmeciliği A.Ş.

As a result of the investigation performed by Information and Communication Technologies Authority (ICTA) on one of the indirect subsidiaries of the Group, Doğan TV Dijital Platform İşletmeciliği A.Ş., an administrative penalty amounting to TL 10.342 was given and TL 8.260 was accrued in order to refund to the subscribers. The Group, paid administrative penalty as TL 7.756 by taking advantage of 25% discount for advance payment with objection record. Additionally, regarding the amount to be paid to the subscribers, is projected by the Group management to be TL 2.478 and provision has been allocated in the accompanying consolidated financial statements.

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

(d) Other

Milpa:

The Land of Ömerli

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

144.266 m² of the land was removed from forestry land with a court decision taken in 2005. The Forestry Directorate appealed the decision at the 20th Chamber of the High Court and the objection was accepted on 24 June 2008 and these decisions (removing from forestry land) are sent to the Pendik Court of First Instance for re-evaluation. The Court reiterated its initial decision on 8 October 2009. The Ministry of Forestry appealed the Court's decision and the related case file was re-sent to the Civil Department No: 20 of the Court of Appeal and re-transferred to the Pendik Court of First Instance Aforesaid Court. The lawsuit has been heard at 20. Civil Court of First Instance. The aforesaid court has on 23 December 2014 decided to cancel the land register of the aforesaid 144.266 m² of land belonging to Milpa and register the land as forestry land in the name of the treasury. Following the notification of the decision, Milpa appealed to a superior court on 13 February 2015. Milpa management booked a provision amounting to TL 3.900 for impairment over the book value of the real estate in the accompanying financial statements in accordance with the opinion of legal counsels.

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land of 1154 parcel was classified as a habitat and recreation area. Milpa appealed this plan with the İstanbul Metropolitan Municipality within the legal deadline and is waiting for related responses.

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

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NOTE 18 - COMMITMENTS

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

31 December 2014						31 December 2013				
	TL Equivalent	TL	USD	EUR	Other	TL Equivalent	TL	USD	EUR	Other
A. CPM's given in the name of its own legal personality										
Guarantees ⁽¹⁾	987.320	121.357	33.109	279.784	-	500.475	97.284	37.119	110.325	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage ⁽²⁾	18.335	-	-	6.500	-	19.087	-	-	6.500	-
B. CPM's given on behalf of the fully consolidated companies										
Guarantees ^{(1) (3)}	799.587	8.142	171.162	139.872	-	1.910.176	35.932	599.170	202.770	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	217	217	-	-	-	217	217	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business										
Guarantees	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-	-	-	-	-	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-	-	-	-	-	-	-
ii) Total Amount of CPM's given on behalf of third parties Which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total Amount of CPM's given on behalf of third parties Which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total	1.805.459					2.429.955				

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

(2) There is a mortgage amounting to TL 18.335 over the tangible fixed assets of Group's subsidiary Hürriyet as of 31 December 2014 (31 December 2013: TL 19.087).

(3) Doğan Holding has bail amounting to USD 47.407 given to credit institutions within the scope of Aslancık Elektrik's hydroelectric power plant construction (31 December 2013: USD 52.800). The entity gave bail amounting to USD 47.496 for Boyabat Elektrik's long term project financing bank loan (31 December 2013: USD 78.018)

(4) 33,33% shares of Aslancık Elektrik (45.000.000 (exact) shares), 33% shares of Boyabat (6.996.000 (exact) shares), 100% of Galata Wind (68.700 (exact) shares) and 100% of D-Tes (141.500.000 (exact) shares) were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.

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NOTE 18 - COMMITMENTS (Continued)

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

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

	31 December 2014		31 December 2013	
	Original currency	TL equivalent	Original currency	TL equivalent
Letters of guarantees – EUR ⁽¹⁾	311.482	878.597	241.407	708.892
Letters of guarantees – TL	121.764	121.764	97.591	97.591
Letters of guarantees – USD	32.097	74.430	37.119	79.223
Guarantee notes – TL	1.277	1.277	25.634	25.634
Guarantee notes – EUR	1.427	4.025	7.043	20.682
Guarantee notes – USD	10.004	23.198	-	-
Total		1.103.291		932.022

(1) Doğan TV Holding, one of the subsidiaries of Doğan Holding, has given letters of guarantees amounting to EUR 30.070 to UEFA (Union Européenne de Football Association or Union of European Football Associations) in 2008 for broadcasting rights of UEFA Champions League, UEFA Super Cup and UEFA Cup games for the period 2012-2015.

As described in Note 17, four different "letter of guarantees" amounting to EUR 275.996 in total were given by Doğan Holding to Axel Springer Group regarding 163.104.657 (exact) shares of Doğan TV Holding to be taken over by Doğan Holding in scope of the options.

In addition, Hürriyet has letter of guarantee amounting to EUR 3.055. Remaining EUR 2.361 consist of letter of guarantees given by other Group companies.

(b) Guarantees and mortgages given

The details of guarantees of Doğan Holding and its shareholders' given for the borrowings and trade payables of the Group companies and related parties as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014		31 December 2013	
	Original currency	TL equivalent	Original currency	TL equivalent
Bails - EUR	106.747	301.101	64.645	189.830
Bails – USD ⁽¹⁾	162.170	376.057	599.170	1.278.809
Bails – TL	6.458	6.458	9.990	9.990
Mortgages – EUR	6.500	18.335	6.500	19.087
Mortgages – TL	217	217	217	217
Total		702.168		1.497.933

⁽¹⁾ Guarantees given for Milpa, Hürriyet, Boyabat Elektrik and Aslancık Elektrik has decreased with the amount of USD 196.762 by loan repayments during the period and guarantees given for Mozaik, Doğan TV Holding, DTV Haber Görsel and Doğan Egmont was decreased with the amount of USD 229.571 and additionally guarantees given for credits of Galata Wind was decreased with the amount of USD 10.667.

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NOTE 18 - COMMITMENTS (Continued)

(c) Barter agreements

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

As of 31 December 2014, the Group has a commitment for the publication of advertisements amounting to TL 11.267 (31 December 2013: TL 10.525) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 19.346 (31 December 2013: TL 32.496) in exchange of the goods or services sold.

NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
Other current assets		
Blocked deposits ⁽¹⁾	121.476	227.116
Value Added Tax ("VAT") receivables	23.692	27.554
Prepaid taxes and funds	32.665	21.668
Work advances	2.392	7.608
Personnel advances	8.199	5.886
Programme stocks	56.149	4.044
Other	18.313	7.204
	262.886	301.080
Provision for impairment on programme stocks	(1.061)	(1.081)
Provision for other doubtful receivables	(842)	(873)
	260.983	299.126

	31 December 2014	31 December 2013
Other non-current assets		
Blocked deposits ⁽²⁾	94.250	233.642
Value Added Tax ("VAT") receivables	133.332	132.484
Deposits and guarantees given	246	229
Other	410	341
	228.238	366.696

(1) As of 31 December 2014, Doğan Holding has blocked deposits of EUR 14.000 (TL 39.490) regarding Kanal D Romania, USD 35.000 (TL 81.162) regarding TME and TL 824 for other subsidiaries. (31 December 2013: Doğan Holding's time deposit amounting to USD 70.000 (TL: 149.401) TME; EUR 14.000 (TL 41.111) for DMI; and additionally, Group's subsidiary Hürriyet's credit pledge of USD 17.144 (36.592 TL).

(2) As of 31 December 2014, Doğan Holding has blocked deposits amounting to USD 40.500 (TL 93.915) on behalf of TME and Mozaik's bank loans and TL 335 for other subsidiaries (31 December 2013: Time deposit of Doğan Holding amounting to EUR 50.000 (TL 146.825) regarding purchase option of shares of Doğan TV Holding and time deposit amounting to USD 40.500 (TL 86.439) as guaranty for Mozaik's loans was blocked).

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NOTE 20- PREPAID EXPENSES AND DEFERRED INCOMES

Details of prepaid expenses and deferred incomes for the periods ended 31 December 2014 and 31 December 2013 are as follows:

Short term prepaid expenses	31 December 2014	31 December 2013
Prepaid expenses ⁽¹⁾	21.792	28.653
Advances given ⁽²⁾	44.880	30.663
	66.672	59.316

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

⁽²⁾ Advances given consist of advances in broadcasting operations.

Long term prepaid expenses	31 December 2014	31 December 2013
Advances given and prepayments ^{(1) (2)}	39.909	29.215
Prepaid expenses for the following years	9.726	8.555
Advances given for fixed asset purchases	399	395
	50.034	38.165

⁽¹⁾ Advances given and prepayments amounting to TL 36.729 (31 December 2013: TL 25.708) consist of prepayments made by Doğan TV Holding, one of the subsidiaries of Doğan Yayın Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games will be refunded to Doğan TV Holding in the cancellation of games.

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

Short term deferred income	31 December 2014	31 December 2013
Deferred income ⁽¹⁾	31.292	50.198
Advances received	10.429	16.249
	41.721	66.447

⁽¹⁾ Deferred incomes are composed of prepaid subscription expenses of publishing and broadcasting.

Long term deferred income	31 December 2014	31 December 2013
Deferred income ⁽¹⁾	562	3.563
	562	3.563

¹⁾ Deferred incomes are composed of prepaid subscription expenses of publishing and broadcasting.

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NOTE 21 - DERIVATIVE INSTRUMENTS

	31 December 2014		31 December 2013	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Derivative swap instruments				
Currency forward transactions	464	4	-	2.440
Interest rate swap transactions	-	-	839	-
Total	464	4	839	2.440

(a) Currency forward transactions

As of 31 December 2014, fair value of currency derivatives of the Group is estimated to be approximately TL 460. (2013: TL 1.601- net liability). The amount consists of TL 464 (2013: TL 839) asset and TL 4 (2013: TL 2.440) liability and market prices of similar instruments on balance sheet date were taken into consideration for the valuation.

(b) Interest rate swap transactions

There is no interest rate swap agreement of the Group as of 31 December 2014 (31 December 2013: TL 839 financial asset)

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

a) Payables regarding benefits provided to employees

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

	31 December 2014	31 December 2013
Social security payables	2.997	11.704
Payables to personnel	5.782	14.695
	8.779	26.399

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NOTE 22 – PROVISION FOR EMPLOYMENT BENEFITS (Continued)

b) Short term provision within employment benefits

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

	31 December 2014	31 December 2013
Unused vacation provision	39.846	41.343
Premium provision	-	30
	39.846	41.373

c) Long term provision within employment benefits

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

	31 December 2014	31 December 2013
Provision for employment termination benefits	104.352	103.521
	104.352	103.521

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

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age At 31 December 2014 the amount payable maximum equals to one month of salary is TL 3.438,22 (exact) (31 December 2013: TL 3.254,44 (exact)) for each year of service.

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

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NOTE 22 – PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provision within employment benefits (continued)

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:

- discount rate is applied as 8,10% (31 December 2013: 9,70%), inflation rate applied as 5,00% (31 December 2013: 6,40%) and rate of increase in wages applied as 5,00% (31 December 2013: 6,40%) in the calculation.
- the calculation is made based on the maximum salary rate of TL 3.438,22 effective as of 31 December 2014 (31 December 2013: TL 3.254,44).
- age of retirement is based on considering the Company's historical operating data and taken as the average age of retirement from the Group

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

	2014	2013
1 January	103.521	94.375
Current period service cost and net interest expense from continued operations	18.248	15.385
Actuarial loss	1.753	5.245
Payments during the period from continued operations	(23.434)	(14.340)
Disposal of subsidiary ⁽¹⁾	(3.150)	-
Payment/reduction in benefits/loss arised from dismissal	7.414	2.856
31 December	104.352	103.521

(1) The amount resulted from the reversal of provisions due to the disposal of the Group's subsidiary Dogan Offset Yayıncılık ve Matbaacılık A.Ş.

Total costs excluding the actuarial loss regarding employment benefits are presented in consolidated statement of profit or loss prepared as of 31 December 2014. As of 31 December 2014, actuarial loss of TL 1.753 recognized in the other comprehensive statement of profit or loss. (31 December 2013: TL 5.245 - loss).

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NOTE 23 – EQUITY

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

Doğan Holding's registered capital ceiling and issued capital at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Limit on registered capital	4.000.000	4.000.000
Issued capital	2.616.938	2.450.000

There are no privileged shares of Doğan Holding.

With the decision made by Board of Directors of Doğan Holding on 27 August 2014, the issued capital of Doğan Holding, which is TL 2.450.000(exact), within the TL 4.000.000 (exact) registered capital ceiling, is to be increased to TL 2.616.938(exact) due to the merger which took place under Doğan Holding, through the entire "take over" of Doğan Yayın Holding with all its assets and liabilities being ceased due to dissolution without liquidation by Doğan Holding(Note 1). The "Issuance Certificates" for a total of 166.938.288 shares with a nominal value of TL 1 (one) each, to be issued to represent the TL 166.938(exact) increased within the scope of the capital increase have been approved by the CMB, and are enclosed on 29 August 2014 Article 7 of the Articles of Association, "Registered and Issued Capital", for the increase of the issued capital to TL 2.616.938 (exact) has been registered with the Trade Registry on 3 September 2014.

Non-cash capital increase amounting to TL 166.938, which was stated above as the merger effect in the accompanying consolidated financial statements, cash outflow effect amounting to TL 70.972 regarding the use of exit right, transfer of restricted reserve from profit amounting to TL 89.673 from Doğan Yayın Holding (has ceased due to dissolution without liquidation), TL 34.529 premium transfer on the shares (net) and as the result of the Merger; the transfer amounting to TL 384.952 from non-controlling interests to retained earnings/ (the loss) attributable to the parent company is presented by offsetting in the statement of shareholder's equity, and accordingly accumulated losses of the parent company has decreased by TL 22.840.

The ultimate shareholders of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity at 31 December 2014 and 31 December 2013 are as follows:

Shareholder	Share %	31 December 2014	Share %	31 December 2013
Adilbey Holding A.Ş.	49,32	1.290.679	52,68	1.290.679
Doğan Family	14,41	377.126	14,48	354.664
Publicly traded on Borsa İstanbul ⁽¹⁾	36,27	949.133	32,84	804.657
Issued capital	100	2.616.938	100	2.450.000
Adjustment to issued capital		143.526		143.526
Total		2.760.464		2.593.526

(1) In accordance with the Capital Markets Board's (the "CMB") Resolution No:31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 35,42% of the shares (31 December 2013: 32,36%) are outstanding as of 31 December 2014 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 issued and amounts before inflation adjustment.

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NOTE 23 – EQUITY (Continued)***Share Premiums***

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

	31 December 2014	31 December 2013
Share premiums	163.724	630
Share discounts (-)	(128.565)	-
Total	35.159	630

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 CMB's Financial Reporting Standards.

The details of restricted reserves as of 31 December 2014 and 31 December 2013 are as follows:

Restricted reserves	31 December 2014	31 December 2013
General legal reserves	159.264	124.163
Gain on sale of subsidiary's shares	1.086.479	1.018.500
Venture capital fund	35.425	-
Total	1.281.168	1.142.663

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NOTE 23 – EQUITY (Continued)

Venture capital fund

Doğan Holding has established Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. with registered capital ceiling of TL 100.000 and an initial capital of TL 36.000 on 18 December 2014.

Accumulated Other Comprehensive Income and Expenses not to 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. Investment Property Revaluation Reserves

Real estates recognized as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties in 2012 as investment property and has chosen to account such investment properties at fair value. Accordingly, fair value increase at the initial transfer amounting to TL 1.002 (31 December 2013:1.002) is recognized as revaluation reserve under shareholders equity.

i. Actuarial losses in defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. Group recognized all actuarial gains and losses in other comprehensive income. Actuarial loss recognized under equity in the balance sheet amounts to TL 30.979 (31 December 2013: 29.577 TL)

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

i. Financial Assets Revaluation Reserves

Financial assets revaluation reserves occurred by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation loss of assets held for sale presented under equity in balance sheet is TL 4.177 in the current period (31 December 2013: TL 1.153 loss).

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NOTE 23 – EQUITY (Continued)

Capital Reserves and Retained Earnings

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

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

- If the difference is due to the “Issued Capital” and not yet been transferred to capital, it should be classified under “Capital adjustment difference to share capital”;
- If the difference is due to “Restricted Reserves” and “Share Premium” and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under “Retained Earnings/ Losses”.

Other equity items are carried at the amounts valued in accordance with CMB’s Financial Reporting Standards.

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

Dividend Distribution

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

On the other hand,

- 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.

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NOTE 23 – EQUITY (Continued)

Dividend Distribution (continued)

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.

In Doğan Holding's regular general meeting as of 31 March 2014, by followings have been taken into consideration: Capital Market Regulations, Capital Market Law, CMB Regulations/Decisions, Corporate Tax, Income Tax, Tax Procedure Law and other relevant legal regulations and articles of incorporation of company and publicly announced "Dividend policy";

-Within the scope of the requirements of the CMB based on the audited consolidated financial statements prepared for the period 1 January 2013 – 31 December 2013 in accordance with Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) , the Capital Markets Board ("CMB")'s No. II-14.1 "Principles of Financial Reporting in Capital Markets" ("Communiqué No. II-1.14"), the Group's "Consolidated Net Loss for the Period" is calculated as TL 38.140, considering its "current period tax expense", "deferred tax expense" and "net loss on discontinued operations". After the deduction of "accumulated loss" of TL 437.186 which is calculated based on the Dividend Distribution guide issued by CMB on 27 January 2014 with weekly bulletin numbered 2014/2 and addition of donations amounting to TL 788, and deduction of "Legal Reserve" amounting to TL 13.407 calculated in accordance with TCC Legislation No.519, it is noted that a "Donations included Net Loss for Period" of TL 487.945 has been incurred and decided not to distribute any profits for the period 1 January 2013 - 31 December 2013 based on the CMB's profit distribution requirements and the matter to be submitted to the General Assembly,

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

The CMB'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 balance sheet date, the Company's gross amount of resources that may be subject to the profit distribution based on the statutory records amounts to TL 2.282.911 (31 December 2013: TL 1.781.968).

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NOTE 24- REVENUE AND COST OF SALES

	1 January- 31 December 2014	1 January- 31 December 2013
Domestic sales	3.533.516	3.250.507
Sales abroad	481.181	479.578
Sales returns and discounts	(471.434)	(428.758)
Net sales	3.543.263	3.301.327
Cost of sales (-)	(2.759.609)	(2.454.189)
Gross profit	783.654	847.138

The details of income from operating activities for the fiscal year ended 31 December 2014 and 2013 are disclosed in Note 5 – "Segment Reporting".

Detail of the sales of publishing industrial segment is presented below:

	1 January- 31 December 2014	1 January- 31 December 2013
Advertisement income	604.345	643.683
Circulation and printing income	279.506	313.641
Other	334.435	353.428
Total	1.218.286	1.310.752

Detail of the sales of broadcasting industrial segment is presented below:

	1 January- 31 December 2014	1 January- 31 December 2013
Advertisement income	571.782	609.836
Subscription income	444.757	378.365
Other	160.641	132.979
Total	1.177.180	1.121.180

Detail of the sales of retail industrial segment is presented below:

	1 January- 31 December 2014	1 January- 31 December 2013
Retail income	512.090	407.102
Total	512.090	407.102

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NOTE 24- REVENUE AND COST OF SALES (Continued)

Detail of the sales of energy industrial segment is presented below:

	1 January- 31 December 2014	1 January- 31 December 2013
Energy income	272.331	156.711
Total	272.331	156.711

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

	1 January- 31 December 2014	1 January- 31 December 2013
Industrial income	226.548	184.208
Tourism income	66.297	50.407
Other ⁽¹⁾	70.531	70.967
Total	363.376	305.582

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

The distribution of the cost of sales for the fiscal year ended 31 December 2014 and 2013 are disclosed in Note 5 – “Segment Reporting”.

	1 January- 31 December 2014	1 January- 31 December 2013
Publishing	(879.603)	(945.544)
Broadcasting	(1.045.593)	(883.957)
Retail	(298.073)	(220.359)
Energy	(245.900)	(148.500)
Other ⁽¹⁾	(290.440)	(255.829)
Total	(2.759.609)	(2.454.189)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Cost of trading goods	(249.965)	(280.677)
Personnel and news production expenses	(225.527)	(235.043)
Paper costs	(173.657)	(193.269)
Printing, production and other raw material cost	(79.420)	(94.963)
Amortization and depreciation expenses (Note 14,15)	(33.309)	(36.280)
Internet advertising services cost	(28.207)	(14.357)
Commissions	(14.284)	(17.400)
Other	(75.234)	(73.555)
Total	(879.603)	(945.544)

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NOTE 24- REVENUE AND COST OF SALES (Continued)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Television programme production costs	(506.514)	(395.119)
RTSC share in advertisement	(17.577)	(18.786)
Personnel expenses	(106.447)	(94.060)
Amortization and depreciation expenses (Note 14,15)	(58.779)	(52.225)
Satellite usage fees	(29.169)	(21.290)
Cost of trading goods	(56.431)	(82.768)
Amortization expenses of television programme rights (Note 15)	(75.573)	(42.037)
ADSL receiver costs	(109.974)	(102.656)
Other	(85.129)	(75.016)
Total	(1.045.593)	(883.957)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Cost of trading goods	(298.073)	(220.359)
Total	(298.073)	(220.359)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Overhead expenses	(218.133)	(115.652)
Amortization and depreciation expenses (Note 14,15)	(23.937)	(23.064)
Personnel expenses	(1.926)	(691)
Other	(1.904)	(9.093)
Total	(245.900)	(148.500)

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NOTE 24- REVENUE AND COST OF SALES (Continued)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Raw material cost	(145.653)	(116.754)
Cost of trading goods	(14.584)	(18.807)
Overhead expenses	(41.148)	(24.301)
Labour and personnel expenses	(35.127)	(35.617)
Amortization and depreciation expenses (Note 14,15)	(21.176)	(22.078)
Telecommunication service expenses	(32.752)	(38.272)
Total	(290.440)	(255.829)

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

	1 January- 31 December 2014	1 January - 31 December 2013
General administrative expenses	339.240	371.896
Selling, marketing and distribution expenses	513.062	461.120
Operating expenses	852.302	833.016

Selling, marketing and distribution expenses:

	1 January- 31 December 2014	1 January- 31 December 2013
Personnel expenses	138.564	114.806
Advertisement expense	97.976	102.135
Rent expense	64.384	52.319
Transportation, storage and travel expenses	52.735	62.486
Amortization and depreciation expenses (Note 14,15)	29.478	30.972
Electricity distribution expenses	23.458	-
Communication expenses	22.610	15.218
Promotion expenses	21.177	25.672
Outsource services	13.892	13.281
Consulting expenses	7.097	5.869
Dealer commissions expense	4.747	6.449
Other	36.944	31.913
Total	513.062	461.120

General administrative expenses:

	1 January- 31 December 2014	1 January- 31 December 2013
Personnel expenses	153.184	176.423
Amortization and depreciation expenses (Note 14,15)	53.210	51.538
Consulting expenses	35.508	33.088
Outsource services	23.550	25.180
Rent expense	22.888	17.972
Transportation, storage and travel expenses	13.192	13.964
Various taxes	8.302	7.481
Other	29.406	46.250
Total	339.240	371.896

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NOTE 26 - EXPENSES BY NATURE

As of 31 December 2014 and 2013, expenses are presented functionally and details are given in Note 24 and Note 25.

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 December 2014	1 January- 31 December 2013
Other operating income		
Foreign exchange gains	197.093	423.352
Interest income on bank deposit	49.624	65.640
Finance income due to sales with maturity	44.884	73.074
Income from reversal of provision	18.917	15.316
Usage of VAT discount	8.043	4.907
Rent income ⁽¹⁾	1.172	5.986
Other	32.666	8.583
	352.399	596.858

(1) The balance includes the rental income of the facility that is subject to superficies right of the Group's subsidiary Milta Tourism registered on 23 December 2013.

	1 January- 31 December 2014	1 January- 31 December 2013
Other operating expense		
Foreign exchange losses	(70.577)	(82.794)
Provision for doubtful receivables (Note 9)	(52.819)	(35.421)
Finance expense due to purchases with maturity	(7.195)	(24.906)
Provision for lawsuits (Note 17)	(16.121)	(8.997)
Other penalties and compensations paid	(13.839)	(4.200)
Provision for impairment on inventory (Note 11)	(4.946)	(1.917)
Other	(38.539)	(46.103)
	(204.036)	(204.338)

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NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gains	23.723	88.416
Interest income of securities	10.976	22.115
Interest income of bank deposit	38.929	47.052
Gain on sale of property, plant, equipment and intangible asset ⁽¹⁾	37.923	10.564
Increase on fair value of investment properties (Note 13)	35.671	52.495
Exchange gain related to share purchase commitment	12.050	-
Rent and building service income	3.383	-
Gain on sale of subsidiary shares ⁽²⁾	735	1.255
	163.390	221.897

(1) The portion of 28.377 is resulted from the land sale of the Group's subsidiary Hürriyet on 4 July 2014 in İzmir, Gaziemir with the size of 35.191,58 m2 and the land sale on 10 July 2014 in İstanbul, Esenyurt with the size of 17.725,69 m².

(2) As of 28 February 2014, the Group transferred its subsidiary, Oglasnik d.o.o. to non-controlling interests for 2 Kuna (TL 0,8) (Note 30).

Expense from investing activities

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange losses	(13.693)	(101.029)
Exchange loss related to share purchase commitment	(5.186)	-
Interest expense related to share purchase commitment	(2.533)	(5.321)
Interest expense related to share purchase commitment	(10.357)	(8.154)
Losses arising from changes of the fair value of investment properties (Note 13)	(3.900)	-
Goodwill impairment (Note 15)	(83.752)	-
Loss of subsidiary share ⁽¹⁾	(1.510)	(2.527)
Impairment on tangible and intangible assets	(777)	-
Loss on sale of marketable securities	(5.953)	-
Brand impairment	(2.699)	-
	(130.360)	(117.031)

(1) As of 7 April 2014, the Group transferred its subsidiary, Expressz Magyarország Media Kft. to non-controlling interests for 1 Euro (TL 2,9264) (Note 30).

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NOTE 29 - FINANCE INCOME AND EXPENSE

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

Financial income	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gains	66.813	18.876
	66.813	18.876

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

Financial expense	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange losses	(235.143)	(291.425)
Interest expense on bank borrowings	(156.118)	(135.755)
Bank commission expenses	(16.996)	(15.635)
Other	(575)	(31.052)
	(408.832)	(473.867)

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NOTE 30 - ASSETS AS HELD FOR SALE AND DISCONTINUED OPERATIONS

i. Current Period Disposal of Subsidiary

Doğan Ofset Yayıncılık ve Matbaacılık A.Ş.

The Group has sold its subsidiary Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. to Fulya Kavak and Marsaş Baskı ve Ambalaj Sanayi Ticaret A.Ş. for EUR 4.579 on 18 July 2014.

Details of the assets and liabilities of the subsidiary disposed are as follows:

Net book value of the assets disposed	31 December 2014
Current Assets	
Cash and cash equivalents	642
Trade receivables	7.599
Inventories	2.204
Other receivables	241
Non-current Assets	
Tangible and Intangible assets	15.038
Short term liabilities	
Financial borrowings	2.753
Trade payables	5.139
Other short term liabilities	2.049
Long term liabilities	
Deferred tax liability	2.359
Net assets disposed	13.424
Sales amount:	
Amounts paid as cash and cash equivalents	13.248
Cash inflow resulted from the sale:	
(Less) cash and cash equivalents disposed	(642)
Total obtained cash amount	12.606
Loss on subsidiary sale (Note 28)	(176)

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

i. Current Period Disposal of Subsidiary (Continued)

- Oglasnik d.o.o., Expressz Magyarorszag Media Kft

- In November 2013, the Group decided to dispose its subsidiaries operating in Hungary and Croatia so that companies' assets and liabilities are classified as assets held for sale and presented separately in the balance sheet. In 28 February 2014, the group transferred its subsidiary Oglasnik d.o.o. for Kuna 2 to the non-controlling interests (Note 28).
- The Group has disposed its subsidiary Expressz Magyarorszag Media Kft. to non-controlling shares for 1 Euro on 7 April 2014 (Note 28).

Information regarding sales profit/(loss) and total net book value of the assets described above, is presented as the following.

Net book value of the assets disposed	31 December 2014
Current Assets	
Cash and cash equivalents	869
Trade receivables	745
Other receivables	322
Other current assets	471
Non-current assets	
Tangible and Intangible assets	29.686
Provision regarding net assets disposed	(22.589)
Short term liabilities	
Trade payables	2.488
Other payables	770
Other short term liabilities	37
Long term liabilities	
Deferred tax liability	5.577
Other long term liabilities	33
Net assets disposed	599
Loss on subsidiary sale	
Sales amount:	
Amounts paid as cash and cash equivalents	-
Cash inflow resulted from the sale:	
(Less) cash and cash equivalents disposed	(869)
Total obtained cash amount	(869)
Loss on subsidiary sale (Note 28)	(599)

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

ii. Current Period “Superficies Right” sale of Milta

“Superficies Right” of Milta Turizm, a subsidiary of the Group, registered on 23 December 2013 to the deed, for 49 years beginning from 11 April 1985 on 92.476m² sized surface in Göynük village of Kemer, Antalya has been sold to Ceylan İşletme İnşaat Turizm Yatırım Nakliyat Gıda İçecek Sanayi ve Ticaret A.Ş. for EUR 20.000 on 18 February 2014 by negotiation. EUR 15.000 paid in cash and the remaining EUR 5.000 will be collected in four equal installments (EUR 1.250) beginning from 31 August 2015 until 31 August 2018. To the amount that will be paid with maturity, 3,25% interest and VAT regarding the interest will be applied as of the registration date. Exceptional portion of the profit from tax of “Superficies right” is accounted under a special fund in liabilities rather than in the statement of profit and loss.

Depending on the sales process, the Group classified “superficies right”, which was accounted in investment properties, to “assets held for sale” as of 31 December 2013 in the consolidated financial statements prepared in accordance with TAS/IFRS.

In the consolidated financial statements prepared as of 31 December 2013, investment properties are presented at fair value, and gain or loss arising from the changes in fair value is included to statement of profit or loss in the period of occurrence in accordance with TAS 40 After the balance sheet date on 18 February 2014, the amount of TL 59.888 (EUR 20.000) was determined for the sale of Milta Tourism’s “superficies right” in Kemer, and this amount was accepted as fair value as of 31 December 2013. In accordance with IFRS 5 and TAS 40, the positive valuation difference shown as income from investment activities in the profit or loss statements of the period ended 31 December 2013.

As a result of this valuation, the carrying value of the asset was set to the market(sales) value, thus in the sales transaction in 2014 no sales profit occurred in the CMB’s financial statements prepared in accordance with TAS/IFRS.

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

iii. Prior Period Disposal of Subsidiary

Oglasnik d.o.o

As of November 2013, Hürriyet, a subsidiary of the Group, has decided to dispose of its subsidiaries operating in Hungary and Croatia, and classified the assets and liabilities of these companies as non-current assets as held for sale and therefore disclosed separately in the balance sheet. As of 28 February 2014, the Group transferred its subsidiary, Oglasnik d.o.o. to non-controlling interests for 2 Kunas

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

Assets and Liabilities	31 December 2013
Cash and cash equivalents	1.009
Trade receivables	894
Other receivable and other current assets	969
Intangible assets	27.265
Tangible assets	2.442
Provision related to disposal of net assets	(23.301)
Total assets classified as asset as held for sale	9.278
Trade payables	2.440
Other financial liabilities	1.012
Other payables	34
Deferred tax liability	5.760
Other long term liabilities	32
Total liabilities classified as asset as held for sale	9.278

iv. Prior Period Sale of Property, Plant and Equipment

The Group agreed to sell its land of 17.725,69 m2 located in the district of İstanbul, Esenyurt for US Dollars 9 million on 19 September 2013. As a result of this agreement, the land was reclassified as asset held for sale in the related period.

Assets	31 December 2013
Property, plant and equipment	4.685
Total assets classified as held for sale	
Total assets (iii and iv Total)	13.963

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

v. Prior period discontinued operations

The below mentioned assets are classified as discontinued operations as of 31 December 2013:

Net result of discontinued operations	2013
Sales	10.611
Cost of sales (-)	(5.832)
General administrative expenses (-)	(6.728)
Marketing, selling and distribution expenses (-)	(2.109)
Other income from operating activities	3.900
Other expenses from operating activities (-)	(1.450)
Finance expenses, net	(48)
Loss for the period before income taxes	(1.656)
Tax income	373
Net loss	(1.283)
Provision for losses related to disposal of net assets	(23.301)
Loss after tax from discontinued operations	(24.584)

NOTE 31 – INCOME TAXES

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

Corporate tax

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

	31 December 2014	31 December 2013
Provision for period income tax	28.180	112.259
Prepaid corporate taxes	(20.883)	(94.596)
Taxes Payable For the Period	7.297	17.663
	31 December 2014	31 December 2013
Corporate and income taxes payable	7.297	17.663
Deferred tax liabilities, net	44.511	66.242
Tax Total	51.808	83.905

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NOTE 31 – INCOME TAXES (Continued)

Turkey

The Corporate Tax Law has been amended as of 13 June 2006 by Law No: 5520. The majority of the clauses of Law No: 5520 are effective as of 1 January 2006. Corporate tax rate for the fiscal year 2014 is 20% (2013: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (investment allowance, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution. Dividends paid to non-resident companies having representative offices in Turkey and resident companies are not subject to withholding tax. Dividends paid to companies except for those companies are subject to 15% of withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

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

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

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

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

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

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

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NOTE 31 – INCOME TAXES (Continued)

Turkey (continued)

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

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

Exemption for participation in subsidiaries

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

Issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

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% (2013: 20%).

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

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

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

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

The tax rates at 31 December 2014 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 ⁽¹⁾	28,0
Ukraine ⁽²⁾	18,0
Slovenia	17,0
Belarus	18,0
Kazakhstan	20,0
Netherland ⁽³⁾	25,0

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

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

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

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NOTE 31 – INCOME TAXES (Continued)

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the POA's Financial Reporting Standards and the accounting treatment 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 balance sheet dates.

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

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2014
The net difference between the book value and tax value of inventories, tangible and intangible assets	48.250	80.854	9.650	16.171
Carry forward tax losses	151.095	273.439	30.219	54.688
Provision for doubtful receivables	106.465	85.452	21.293	17.090
Provision for employment termination benefits and unused vacation	141.240	144.894	28.248	28.979
Derivative financial liabilities	-	2.440	-	488
Deferred financial income of trade receivables	965	2.638	193	528
Other	58.110	66.612	11.622	13.323
Deferred tax assets			101.225	131.267
Net differences between the tax base and carrying value of property, plant and equipment and inventories and intangible assets	(713.785)	(963.056)	(142.757)	(192.611)
Net differences between fair value of investment properties and tax value	(14.440)	(23.649)	(2.888)	(4.730)
Derivative financial assets	(455)	(839)	(91)	(168)
Deferred tax liabilities			(145.736)	(197.509)
Deferred tax liabilities, net			(44.511)	(66.242)

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

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NOTE 31 - INCOME TAXES (Continued)

The Group recognized deferred tax assets over TL 151.095 of carry forward tax losses in the consolidated financial statements prepared in accordance with the POA's Financial Reporting Standards at 31 December 2014 (31 December 2013: TL 273.439). As of 31 December 2014 and 31 December 2013, the maturity analysis of carry forward tax losses is as follows:

	31 December 2014⁽¹⁾	31 December 2013
2014	-	(84.480)
2015	(40.324)	(35.250)
2016	(43.648)	(38.607)
2017 and after	(67.123)	(115.102)
	(151.095)	(273.439)

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 December 2014, the Group does not recognize deferred tax from carry forward tax losses amounted to TL 1.421.754 (31 December 2013: TL 1.178.884).

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

	2014	2013
1 January	(66.242)	(87.226)
Deferred tax asset/(liability) resulted by fair value increase on financial asset	2.647	649
Current year income	(6.609)	21.541
Actuarial loss tax accounted under other comprehensive income	699	1.181
Acquisition of the entity under common control	-	2.247
Currency translation differences	24.430	(4.774)
Disposal of subsidiary	(250)	(102)
Other	814	242
31 December	(44.511)	(66.242)

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NOTE 31 - INCOME TAXES (Continued)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Current	(35.400)	(113.387)
Deferred tax income/(expense)	(6.609)	21.541
Total Tax Expense	(42.009)	(91.846)

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

	2014	2013
Profit / (loss) before income taxes from continued operations	(269.629)	(49.618)
Current period tax expense calculated at 20%	53.926	9.924
Effect of tax loss from which deferred tax was calculated and subjected to discount in the current period	5.319	752
Expenses non- deductible / not subject to tax	(22.178)	(34.136)
Incomes not subject to tax	7.180	9.874
Carry forward losses for which no deferred tax asset was recognized	(53.520)	(77.828)
Differences arised from different tax rates	(4.112)	(7.855)
Goodwill impairment	(15.180)	-
Other	(13.444)	7.423
Tax Expense	(42.009)	(91.846)

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NOTE 32 - EARNING/ (LOSS) PER SHARE

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

	2014	2013
Net loss for the period	(224.970)	(38.140)
Weighted average number of shares with face value of TL 1 each	2.616.938	2.616.938
Loss per share (TL)	(0,086)	(0,015)
	2014	2013
Net profit/ (loss) for the period from discontinuing operations	-	(11.751)
Net loss for the period from continuing operations	(224.970)	(26.389)
Weighted average number of shares with face value of TL 1 each	2.616.938	2.616.938
Loss per share from continuing operations (TL)	(0,086)	(0,011)
Loss per share from discontinuing operations (TL)	-	(0,004)

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NOTE 33 - RELATED PARTY DISCLOSURES

For the purpose of accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint control over the Company and their close family members (immediate family members) and legal entities having direct or indirect control or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the BOD, key management and their close family member (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. As of 31 December 2014 and 31 December 2013, related party balances and transactions are described below:

i) Balances of related parties:

Short term receivables from related parties:

	31 December 2014	31 December 2013
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") ⁽¹⁾	956	862
D Elektronik Şans Oyunları Yayıncılık A.Ş. ⁽²⁾	844	1.070
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") ⁽²⁾	792	3.332
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	387	223
Gas Plus Erbil Ltd.	196	291
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	135	212
D Yapım Reklamcılık A.Ş.	88	83
Gümüştaş Madencilik	35	71
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	12	711
Aydın Doğan Vakfı	11	12
Altıncı Cadde Elektronik Ticaret A.Ş. ⁽²⁾	5	931
Delüks Elektronik Hizmetler ve Tic. A.Ş. ⁽³⁾	-	3.334
Doğan Elektronik Turizm Satış Pazarlama Hiz.ve Yay A.Ş. ⁽²⁾	-	1.037
Kandilli Gayr. Yat. Yön. İnş. Ve. Tic. A.Ş.	-	722
Other	69	1.085
Total	3.530	13.976

⁽¹⁾ Receivables related to electricity sale of the Group.

⁽²⁾ Receivables related to advertisement sale of the Group.

⁽³⁾ Receivables related to vehicle rent service of the Group.

	31 December 2014	31 December 2013
<u>Short term other receivables from related parties:</u>		
Boyabat Elektrik ⁽¹⁾	24.264	1.390
Gümüştaş Madencilik ve Ticaret A.Ş. ⁽²⁾	-	4.395
Total	24.264	5.785

⁽¹⁾ The balance consists of advances given for electricity purchases.

⁽²⁾ The balance consists of loan used by relevant related party of the Group.

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (continued):

	31 December 2014	31 December 2013
<u>Long term other receivables from related parties:</u>		
Kandilli Gayrimenkul Yat.Yön. İnş.ve Tic. A.Ş. ("Kandilli")	18.312	-
Nakkaştepe Gayrimenkul	4.946	-
Total	23.258	-

Other non-current receivables from related parties consists of the payments, regarding the cost of real estates purchased by the subsidiaries founded to achieve the Group's real estate projects.

	31 December 2014	31 December 2013
<u>Short term trade payables to related parties:</u>		
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ⁽¹⁾	10.682	33.785
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽²⁾	7.009	3.695
Other	649	1.047
Total	18.340	38.527

(1) The balance is the gross amount of the printing magazines purchase and receivables.

(2) Payables related to printing magazine and book purchase of the Group.

ii) Transactions with related parties:

Service/ product purchases:

	31 December 2014	31 December 2013
Boyabat Elektrik Üretim ve Ticaret A.Ş. ⁽¹⁾	49.875	53.134
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ⁽²⁾	27.536	37.393
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽³⁾	23.835	25.430
Ortadoğu Otomotiv Ticaret A.Ş. ⁽⁴⁾	12.114	13.777
Dergi Pazarlama Planlama ve Tic. A.Ş. ("DPP") ⁽⁵⁾	3.778	5.722
Adilbey Holding A.Ş. ⁽⁶⁾	3.721	2.674
Doğanlar Sigorta Aracılık Hizmetleri A.Ş.	1.359	3.656
Other	2.525	5.251
Total	124.743	147.037

(1) The balance is resulted from electricity purchases of the Group from Boyabat Elektrik Üretim ve Ticaret A.Ş.

(2) The balance is resulted from magazine purchases of the Group from Doğan Burda.

(3) The balance is resulted from books and magazine purchases of the Group from Doğan Egmont.

(4) The balance is resulted from rental service purchase of the Group from Ortadoğu Otomotiv Ticaret A.Ş.

(5) The balance is resulted from circulation planning and magazine marketing services purchases of the Group.

(6) The balance is resulted from rent expenses of the Group to Adilbey Holding A.Ş.

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Balances of related parties (continued):

Product and service sales to related parties:

	31 December 2014	31 December 2013
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ⁽¹⁾	16.453	22.472
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽¹⁾	7.531	10.127
D-Market Elektronik Hizmetler ve Ticaret A.Ş. ⁽³⁾	7.455	7.044
Gas Plus Erbil Ltd. ⁽⁴⁾	2.482	945
Gümüştaş Madencilik	695	381
Adilbey Holding A.Ş.	363	842
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") ⁽²⁾	211	8.887
D Elektronik Şans Oyunları ve Yayıncılık A.Ş.	130	1.018
Delüks Elektronik Hizmetler ve Tic. A.Ş.	58	2.796
Other	3.358	3.430
Total	38.736	57.942

⁽¹⁾ The balance consists of raw material, printing and distribution services.

⁽²⁾ Product and service sales of the Group to Ortadoğu Otomotiv Ticaret A.Ş. consist of the electricity sales.

⁽³⁾ Product and service sales of the Group to D-Market Elektronik Hizmetler ve Ticaret A.Ş. consist of the raw material sale

⁽⁴⁾ Service sales of the Group consists of the consultancy service provided to Gas Plus.

Financial Income:

	31 December 2014	31 December 2013
Delüks Elektronik Hizmetler Ticaret A.Ş.	370	212
Kandilli Gayrimenkul Yat.Yön.İnş.ve Tic. A.Ş. ("Kandilli")	268	-
Nakkaştepe Gayrimenkul	85	-
Altıncı Cadde Elektronik Ticaret A.Ş.	94	-
Boyabat Elektrik Üretim ve Ticaret A.Ş.	-	13.241
Doğan Portal Ve Elektronik Tic. A.Ş.	-	458
Other	8	738
Total	825	14.649

Financial expense of the Group to the related parties is TL 3 as of the period ended by 31 December 2014.

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (Continued):

**Acquisition of property, plant and equipment
and intangible assets:**

	2014	2013
Doğan Portal Ve Elektronik Tic. A.Ş	888	-
D-Market Elektronik Hizmetler ve Ticaret A.Ş.	72	109
Adilbey Holding A.Ş.	-	154
Other	-	-
Total	960	263

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

Group determined member of the board of the directors, consultant of the board, group presidents and vice presidents, chief legal counsel, and directors key management personnel. The compensation of board members and key management personnel includes salaries, bonus, health insurance, communication and transportation and total amount of compensation is explained below:

	1 January- 31 December 2014	1 January- 31 December 2013
Salaries and other short term benefits	12.176	20.131
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	12.176	20.131

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NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Enstruments and Financial Risk Management

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

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

a) Market Risk

a.1) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities on 31 December 2014 and 31 December 2013 before consolidation adjustments and reclassifications are as follows:

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

	31 December 2014	31 December 2013
Assets	2.096.486	2.480.267
Liabilities	(2.314.937)	(2.004.626)
Off-balance sheet net derivative liabilities	460	(2.572)
Net foreign currency position	(217.991)	473.069

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

a.1) Foreign currency risk (Continued)

Sensitivity analysis for currency risk as of 31 December 2014 and 31 December 2013 and foreign currency denominated asset and liability balances are summarized below:

31 December 2014

	TL Equivalent	USD	EUR	Other
1. Trade receivables	116.846	42.048	49.457	25.341
2a. Monetary Financial Assets (Cash,Banks included)	1.833.525	1.105.277	715.826	12.422
2b. Non-Monetary Financial Assets	622	-	-	622
3. Other	22.745	19.056	3.686	3
4. Current Assets (1+2+3)	1.973.738	1.166.381	768.969	38.388
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	111.705	93.927	102	17.676
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	11.043	-	11.043	-
8. Non-Current Assets (5+6+7)	122.748	93.927	11.145	17.676
9. Total Assets (4+8)	2.096.486	1.260.308	780.114	56.064
10. Trade Payables	192.267	81.768	94.778	15.721
11. Financial Liabilities	775.660	432.094	343.566	-
12a. Other Monetary Financial Liabilities	47.642	2.421	18.745	26.476
12b. Other Non-Monetary Financial Liabilities	2.554	62	241	2.251
13. Current Liabilities (10+11+12)	1.018.123	516.345	457.330	44.448
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.295.500	250.214	1.045.286	-
16a. Other Monetary Financial Liabilities	1.314	1.314	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.296.814	251.528	1.045.286	-
18. Total Liabilities (13+17)	2.314.937	767.873	1.502.616	44.448
19. Net asset/liability position of Off balance sheet derivatives (19a-19b)	460	460	-	-
19a. Off balance sheet foreign Currency derivative assets	464	464	-	-
19b. Off balance sheet foreign Currency derivative liabilities	4	4	-	-
20. Net Foreign currency asset/(liability) position (9-18+19)	(217.991)	492.895	(722.502)	11.616
21. Net foreign currency asset/ (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(250.307)	473.441	(736.990)	13.242

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

a.1) Foreign currency risk (continued)

31 December 2013

	TL Equivalent	USD	EUR	Other
1. Trade receivables	153.655	74.960	54.638	24.057
2a. Monetary Financial Assets (Cash,Banks included)	2.003.342	1.128.805	841.550	32.987
3. Other	-	-	-	-
4. Current Assets (1+2+3)	2.156.997	1.203.765	896.188	57.044
5. Trade receivables	15.812	13.585	2.227	-
6a. Monetary Financial Assets	307.458	133.445	154.505	19.508
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	323.270	147.030	156.732	19.508
9. Total Assets (4+8)	2.480.267	1.350.795	1.052.920	76.552
10. Trade Payables	126.988	81.174	26.669	19.145
11. Financial Liabilities	886.833	727.702	159.131	-
12a. Other Monetary Financial Liabilities	43.849	1.212	9.071	33.566
12b. Other Non-Monetary Financial Liabilities	30.478	116	28.291	2.071
13. Current Liabilities (10+11+12)	1.088.148	810.204	223.162	54.782
14. Trade Payables	-	-	-	-
15. Financial Liabilities	909.311	737.960	171.351	-
16a. Other Monetary Financial Liabilities	7.167	-	7.166	1
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	916.478	737.960	178.517	1
18. Total Liabilities (13+17)	2.004.626	1.548.164	401.679	54.783
19. Net asset/liability position of Off balance sheet derivatives (19a-19b)	(2.572)	10.672	(13.244)	-
19a. Off balance sheet foreign Currency derivative assets	77.128	46.955	30.173	-
19b. Off balance sheet foreign Currency derivative liabilities	79.700	36.283	43.417	-
20. Net Foreign currency asset/(liability) position (9-18+19)	473.069	(186.697)	637.997	21.769
21. Net foreign currency asset/ (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	506.119	(197.253)	679.532	23.840

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

a.1) Foreign currency risk (continued)

As of 31 December 2014 and 31 December 2013, foreign currency denominated asset and liability balances were converted with the following exchange rates: TL 2,3189 = USD 1 and TL 2,8207= EUR 1 (2013: TL 2,1343 = USD 1 and TL 2,9365 = EUR 1).

31 December 2014	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciate
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	49.290	(49.290)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	49.290	(49.290)
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(72.250)	72.250
5- Hedging amount of USD (-)	-	-
6- USD net effect on (loss)/income (4+5)	(72.250)	72.250
If the Other Currencies had changed by 10% against the TL		
7- Other net (liabilities)/assets	1.162	(1.162)
8- Hedging amount of Other (-)	-	-
9- Other net effect on (loss)/income (7+8)	1.162	(1.162)
TOTAL (3+6+9)	(21.798)	21.798

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

a.1) Foreign currency risk (continued)

31 December 2013

	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciate
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	(18.670)	18.670
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	(18.670)	18.670
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	63.800	(63.800)
5- Hedging amount of USD (-)	-	-
6- USD net effect on (loss)/income (4+5)	63.800	(63.800)
If the Other Currencies had changed by 10% against the TL		
7- Other net (liabilities)/assets	2.177	(2.177)
8- Hedging amount of other (-)	-	-
9- Other net effect on (loss)/ income (7+8)	2.177	(2.177)
TOTAL (3+6+9)	47.307	(47.307)

a.2) Interest rate risk

- Publishing/ Broadcasting

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2014 and 31 December 2013, the Group's borrowings at floating rates are predominantly denominated in USD and EUR.

- Other

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

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

a.2) Interest rate risk (Continued)

On 31 December 2014, if interest rates on USD denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 1.910 (31 December 2013: TL 7.196) higher, mainly as a result of high interest expense on floating rate borrowings.

On 31 December 2014, if interest rates on Euro denominated borrowings had been higher 100 basis points with all other variables held constant, loss before income taxes would have been TL 4.020 (31 December 2013: TL 3.524) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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

	31 December 2014	31 December 2013
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.759.236	1.772.662
- Financial investments (Note 7)	118.639	139.508
Financial liabilities (Note 8)	1.508.053	988.748
Financial instruments with floating rate		
Financial liabilities (Note 8)	595.132	1.107.172

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

a.2) Interest rate risk (continued)

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

	31 December 2014			31 December 2013		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	0,15-3,00	0,05-10	5-11,50	0,35-6,00	0,20 -6,75	5,98-10,16
Financial investments	6,29	-	12,08	6,46	5,64	9,58
Liabilities						
Financial Liabilities	1-6,25	2,8-5,71	0-13,75	3,00-6,55	3,25-5,71	0-10,20

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

31 December 2014	Up to 3 months	3 months-1 year	1-5-years	Over 5 years	Free of Interest	Total
Assets						
Cash and cash equivalents (Note 6)	1.759.236	-	-	-	407.674	2.166.910
Financial investments (Note 7)	-	-	88.773	-	29.866	118.639
Total	1.759.236	-	88.773	-	437.540	2.285.549
Short and long term financial liabilities (Note 8) ⁽¹⁾	-	913.387	1.189.798	-	-	2.103.185
Other financial liabilities (Note 8)	-	178.490	602.629	-	-	781.119
Total	-	1.091.877	1.792.427	-	-	2.884.304
31 December 2013	Up to 3 months	3 months-1 year	1-5-years	Over 5 years	Free of Interest	Total
Assets						
Cash and cash equivalents (Note 6)	1.772.662	-	-	-	443.699	2.216.361
Financial investments (Note 7)	-	-	136.465	-	3.043	139.508
Total	1.772.662	-	136.465	-	446.742	2.355.869
Short and long term financial liabilities (Note 8) ⁽¹⁾	-	1.038.948	1.059.439	-	-	2.098.387
Other financial liabilities (Note 8)	-	199.365	183.182	-	-	382.547
Total	-	1.238.313	1.242.621	-	-	2.480.934

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

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

b) Credit risk

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

The Group's credit risk of financial instruments as of 31 December 2014 is as follows:

	Trade Receivables		Other receivables		Cash and cash equivalents
	Related Party	Other	Related Party	Other	
Maximum net credit risk as of balance sheet date	3.530	882.810	47.522	42.539	1.947.048
- The part of maximum risk under guarantee with collateral	-	84.530	-	14.969	-
A. Net book value of neither past due nor impaired financial assets	3.530	655.584	47.522	42.539	1.947.048
- Guaranteed amount by collateral	-	48.299	-	14.969	-
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)	-	227.226	-	-	-
- Guaranteed amount by collateral (Note 9)	-	36.231	-	-	-
D. Impaired asset					
net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, 19)	-	268.953	-	1.903	-
- Impairment (-) (Note 9, 19)	-	(268.953)	-	(1.903)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

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

The Group's credit risk of financial instruments as of 31 December 2013 is as follows:

	<u>Trade receivables</u>		<u>Other receivables</u>		<u>Cash and Cash equivalents</u>
	<u>Related Party</u>	<u>Other</u>	<u>Related Party</u>	<u>Other</u>	
Maximum net credit risk as of balance sheet date	13.976	791.066	5.785	132.411	1.994.586
- The part of maximum risk under guarantee with collateral	-	74.221	-	78	-
A. Net book value of neither past due nor impaired financial assets	13.976	609.364	5.785	132.411	1.994.586
- Guaranteed amount by collateral	-	41.482	-	78	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	181.702	-	-	-
- Guaranteed amount by collateral (Note 9)	-	32.739	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9,19)	-	232.160	-	1.954	-
- Impairment (-) (Note 9, 19)	-	(232.160)	-	(1.954)	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-

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

b) Credit risk (continued)

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

	31 December 2014		31 December 2013	
	Related Party	Other Receivables	Related Party	Other Receivables
1-30 days overdue	-	94.927	-	66.637
1-3 months overdue	-	81.451	-	64.463
3-12 months overdue	-	34.210	-	37.296
1-5 years overdue	-	16.638	-	13.306
Total	-	227.226	-	181.702
Guaranteed amount by collateral				
Publishing	-	27.363	-	28.383
Retail	-	-	-	-
Energy	-	-	-	-
Other	-	8.868	-	4.356
Total	-	36.231	-	32.739

d) Liquidity risk

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

As of 31 December 2014 and 31 December 2013, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

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

c) Liquidity risk (continued)

31 December 2014	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Short and long term						
financial borrowings (Note 8)	2.103.185	2.486.823	769.536	337.813	1.217.174	162.300
Trade payables (Note9)	596.527	599.543	486.758	112.785	-	-
Other financial liabilities (Note8)	781.119	818.499	178.682	-	639.817	-
Other payables (Note10)	70.378	76.544	39.381	16.880	20.281	-
Trade payables to related parties (Note33)	18.340	18.340	18.340	-	-	-
Short-term provisions regarding employee benefits (Note22)	39.846	39.846	-	39.846	-	-
Payables regarding employee benefits (Note22)	8.779	8.779	-	8.779	-	-
Other short term provisions (Note17)	44.809	44.809	-	44.809	-	-
	3.662.983	4.093.181	1.492.697	560.912	1.877.272	162.300

31 December 2013	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Short and long term						
financial borrowings (Note 8)	2.098.387	2.323.923	530.908	562.567	1.064.522	165.926
Trade payables (Note 9)	498.152	503.841	358.455	144.101	1.285	-
Other financial liabilities (Note 8)	382.547	436.758	202.042	19.950	214.766	-
Other payables (Note 10)	68.222	69.184	39.015	15.011	14.196	962
Trade payables to related parties (Note 33)	38.527	38.527	38.476	51	-	-
Short-term provisions regarding employee benefits (Note 22)	41.373	41.373	-	41.373	-	-
Payables regarding employee benefits (Note 22)	26.399	26.399	-	26.399	-	-
Other short term provisions(Note 17)	31.581	31.581	-	3.059	28.522	-
	3.185.188	3.471.586	1.168.896	812.511	1.323.291	166.888

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

d) Fair value of financial instruments

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

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

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

Monetary assets

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

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

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

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

Monetary liabilities

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

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

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

e) Capital risk management

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

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

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

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

e) Capital risk management (continued)

The net liability/ total equity ratio on 31 December 2014 and 31 December 2013 is summarized below:

	31 December 2014	31 December 2013
Total liability ⁽¹⁾	3.809.846	3.368.290
Less: Cash and cash equivalents (Note 6)	(2.166.910)	(2.216.361)
Net liability	1.642.936	1.151.929
Equity attributable to equity holders of the parent company	2.755.219	3.250.187
Total equity	4.398.155	4.402.116
Net liability/Total equity ratio	%37	%26

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

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	31 December 2014	Fair value at reporting date		
		1. Level TL	2. Level TL	3. Level TL
Financial assets at FVTPL				
trading securities				
trading derivatives				
derivative instruments (Note21)	464	-	464	-
Bonds and bills (Note7)	88.773	88.773	-	-
Total	89.237	88.773	464	-

Financial liabilities

Financial liabilities at FVTPL				
trading securities				
trading derivatives				
derivative instruments (Note 21)	4	-	4	-
Other financial liabilities	-	-	-	-
Total	4	-	4	-

Financial assets	31 December 2013	Fair value at reporting date		
		1. Level TL	2. Level TL	3. Level TL
Financial assets at FVTPL				
trading securities	-	-	-	-
trading derivatives	-	-	-	-
derivative instruments (Note 21)	839	-	839	-
Bonds and bills (Note 7)	136.465	136.465	-	-
Total	137.304	136.465	839	-

Financial liabilities

Financial liabilities at FVTPL				
trading securities				
trading derivatives				
derivative Instruments (Note 21)	2.440	-	2.440	-
Other financial liabilities (Note 8, 17)	16.155	-	-	16.155
Total	18.595	-	2.440	16.155

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NOTE 36 – SUBSEQUENT EVENTS

Acquisitions on January 2015 in the scope of DTV Put Option I

In accordance with the “Share Purchase” and the “Shareholders Agreements” dated 19 November 2009 signed between Doğan Şirketler Grubu Holding A.Ş., the Group’s direct subsidiaries, Doğan Yayın Holding A.Ş. (which has ceased due to dissolution without liquidation) Doğan TV Holding A.Ş. and Commerz-Film GmbH and that has been amended on various dates, which has been explained in Note 17 in detail, and within the scope of Commerz-Film GmbH’s right to exercise the sale option, Commerz-Film GmbH’s 2,65333% share of Doğan TV Holding A.Ş., which has the paid-in capital of TL 1.360.016 corresponding to 36.085.711 (exact) Group “B” registered certificates of registered share with a nominal value of TL 1 (exact) has been acquired and taken over by Doğan Şirketler Grubu Holding A.Ş. in return for EUR 63.347 in cash and in advance. After the transaction Doğan Holding’s direct share in Doğan TV Holding has become 87,87 %.

Purchase of the shares of Aytemiz Akaryakıt Dağıtım A.Ş.

On January 29, 2015, Doğan Enerji, the Group’s direct subsidiary, has signed the the “Share Purchase and Shareholders Agreement” to acquire and take over 100.000.000 (exact) share certificates with a nominal value of TL 100.000.000 representing 50% of shares of Aytemiz Akaryakıt Dağıtım A.Ş., which has 200.000.000 (exact) share certificates with a nominal value of TL 200.000.000 (exact) representing the paid in capital of TL 200.000.000 (exact), for TL 152.000.000 (exact) in cash and in advanced on the condition that the “closing terms” are met.

On the “Share Purchase Date” following the “Closing Date” on which Closing Terms are met, the paid-in capital of Aytemiz Akaryakıt Dağıtım A.Ş., which is TL 200.000.000 (exact), will be increased to TL 454.000.000 (exact) through the full cash payment. In the capital increased by TL 254.000.000 (exact), all the new share acquisition rights which correspond to the contribution share of the Group’s direct subsidiary, Doğan Enerji Yatırımları ve Ticaret A.Ş. will be used in cash and in advance amounting to TL 127.000.000 (exact) by Doğan Enerji Yatırımları ve Ticaret A.Ş. Likewise, other shareholders (Aytemiz) will participate in the capital increase, as per their shares, in cash and in advance.

The Board of Directors of Aytemiz Akaryakıt Dağıtım A.Ş. will be constituted by 7 members and the majority of these members (4 members) will be elected through being nominated by the Group’s direct subsidiary, Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. Aytemiz Akaryakıt Dağıtım A.Ş. will be the legal holder of 100% control of Aytemiz Gaz A.Ş. and Aksu Doğal Gaz İletim A.Ş. latest as of the “Share Purchase Date”. As the management control of Aytemiz Akaryakıt Dağıtım A.Ş. will be held by Doğan Enerji Yatırımları ve Ticaret A.Ş., the activity results of Aytemiz Akaryakıt Dağıtım A.Ş. will be consolidated with the “full consolidation” method in the financial statement of our direct subsidiary, Doğan Enerji Yatırımları ve Ticaret A.Ş. and the Group.

Approval of Financial Statements

Consolidated financial statements prepared for the period ended as of 31 December 2014 are approved by the Management on 9 March 2015. The financial statements cannot be changed or modified by others other than the Management.