

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2018**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

CONTENTS	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5-6
CONSOLIDATED STATEMENT OF CASH FLOW	7-8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9-126
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS	9-12
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	13-49
NOTE 3 BUSINESS COMBINATIONS.....	49-50
NOTE 4 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD	50-54
NOTE 5 SEGMENT REPORTING.....	55-59
NOTE 6 CASH AND CASH EQUIVALENTS	60
NOTE 7 FINANCIAL INVESTMENTS.....	61-62
NOTE 8 SHORT AND LONG TERM FINANCIAL BORROWINGS	62-65
NOTE 9 TRADE RECEIVABLES AND PAYABLES.....	66-67
NOTE 10 OTHER RECEIVABLES AND PAYABLES.....	68
NOTE 11 INVENTORIES	69
NOTE 12 BIOLOGICAL ASSETS	69
NOTE 13 INVESTMENT PROPERTIES	70-71
NOTE 14 PROPERTY, PLANT AND EQUIPMENT	72-73
NOTE 15 INTANGIBLE ASSETS	74-76
NOTE 16 GOVERNMENT GRANTS	76
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	76-80
NOTE 18 COMMITMENTS	81-82
NOTE 19 OTHER ASSETS	83
NOTE 20 PREPAID EXPENSES AND DEFERRED INCOME	83-84
NOTE 21 DERIVATIVE INSTRUMENTS	85
NOTE 22 PROVISION FOR EMPLOYMENT BENEFITS	85-87
NOTE 23 EQUITY	88-92
NOTE 24 REVENUE AND COST OF SALES	93-94
NOTE 25 MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES	95
NOTE 26 EXPENSES BY NATURE	96
NOTE 27 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	96
NOTE 28 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	97
NOTE 29 FINANCE INCOME AND EXPENSES.....	98
NOTE 30 ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	98-99
NOTE 31 INCOME TAXES	100-106
NOTE 32 EARNING / LOSS PER SHARE.....	106
NOTE 33 RELATED PARTY DISCLOSURES.....	107-109
NOTE 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	110-123
NOTE 35 FINANCIAL INSTRUMENTS.....	124-125
NOTE 36 SHARES IN OTHER OPERATIONS	125-126
NOTE 37 SUBSEQUENT EVENTS.....	126

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL POSITION FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

ASSETS	Notes	USD(*) Unaudited Current Period 31 March 2018	Unaudited Current Period 31 March 2018	Audited Prior Period 31 December 2017
Current assets		1.763.705	6.964.696	4.892.249
Cash and cash equivalents	6	422.867	1.669.859	1.708.467
Financial investments	7	22.424	88.549	71.743
Trade receivables				
- Due from related parties	33	1.032	4.074	8.588
- Due from non-related parties	9	493.985	1.950.696	2.224.546
Other receivables				
- Due from related parties	33	12.796	50.532	9.750
- Due from non-related parties	10	8.984	35.477	28.770
Inventories	11	184.283	727.715	601.962
Prepaid expenses	20	23.712	93.637	117.180
Derivative instruments	21	4	14	83
Biological assets	12	2.076	8.197	-
Other current assets	19	14.994	59.210	121.160
Sub total		1.187.156	4.687.960	4.892.249
Non-current assets classified as held for sale	30	576.549	2.276.736	-
Non-current assets		786.387	3.105.364	4.386.262
Trade receivables				
- Due from non-related parties	9	10.591	41.822	21.783
Other receivables				
- Due from non-related parties	10	4.298	16.973	19.554
Financial investments	7	31.933	126.101	125.137
Investments accounted for by the equity method	4	95.755	378.127	358.415
Investment properties	13	95.923	378.789	564.947
Property, plant and equipment	14	252.787	998.230	1.319.438
Intangible assets				
- Other intangible assets	15	181.510	716.764	947.596
- Goodwill	15	8.929	35.260	403.713
Prepaid expenses	20	3.029	11.962	39.340
Deferred tax asset	31	9.648	38.098	53.064
Other non-current assets	19	91.985	363.238	533.275
Total assets		2.550.092	10.070.060	9.278.511

The consolidated financial statements as of and for the interim period ended 31 March 2018 have been approved by the Board of Directors on 10 May 2018.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL POSITION FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

		<i>USD(*)</i> <i>Unaudited</i> <i>Current Period</i> 31 March 2018	<i>Unaudited</i> <i>Current Period</i> 31 March 2018	<i>Audited</i> <i>Prior Period</i> 31 December 2017
LIABILITIES	Notes			
Current liabilities		1.522.060	6.010.462	4.308.169
Short-term borrowings	8	375.647	1.483.393	1.558.223
Short-term portion of long-term borrowings	8	82.511	325.828	1.059.380
Other financial liabilities	8	197.211	778.768	-
Trade payables				
- Due to related parties	33	3.389	13.383	26.143
- Due to non-related parties	9	283.672	1.120.194	1.278.158
Payables related to				
employee benefits	22	3.967	15.666	36.307
Deferred income	20	75.863	299.576	92.326
Derivative instruments	21	-	-	1.098
Other payables				
- Due to non-related parties	10	35.774	141.266	148.955
Current income tax liability	31	1.062	4.195	14.110
Short-term provisions				
- Short-term provisions for				
employment benefits	22	4.533	17.902	56.745
- Other short-term provisions	17	2.081	8.219	36.724
Subtotal		1.065.712	4.208.390	4.308.169
Liabilities for group of assets				
classified as held for sale	30	456.348	1.802.072	-
Non-current liabilities		286.201	1.130.179	1.970.276
Long-term borrowings	8	176.527	697.087	747.215
Investments accounted for				
by the equity method	4	74.824	295.472	310.342
Other financial liabilities	8	-	-	666.291
Other payables				
- Due to non-related parties	10	395	1.560	13.710
Deferred income	20	2.155	8.510	5.626
Long-term provisions				
- Long-term provisions for				
employment benefits	22	8.509	33.603	122.556
- Other long term provisions		164	647	-
Deferred tax liability	31	23.627	93.300	104.536
EQUITY		741.832	2.929.419	3.000.066
Equity attributable to equity holders of the parent company		641.564	2.533.474	2.608.363
Share capital	23	662.700	2.616.938	2.616.938
Adjustments to share capital	23	36.346	143.526	143.526
Repurchased shares (-)	23	(527)	(2.080)	(2.080)
Share premiums (discounts)	23	8.903	35.159	35.159
Other comprehensive income (losses) that will not be reclassified in profit or loss				
- Gain (loss) on revaluation of property, plant and equipment	23	8.818	34.820	34.820
- Actuarial gains (losses) on defined benefit plans	23	(10.538)	(41.613)	(41.613)
- Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	4	(159)	(626)	(626)
Other comprehensive income (losses) that will be reclassified in profit or loss				
- Change in currency translation reserves	23	84.690	334.434	295.272
- Gain (loss) on revaluation and reclassification	23	8.439	33.324	32.196
- Gain (losses) from hedge reserve	23	282	1.115	(665)
Restricted reserves	23	63.622	251.237	312.427
Retained earnings or accumulated losses		(192.967)	(762.006)	(345.446)
Net profit or loss for the period		(28.047)	(110.754)	(471.545)
Non-controlling interests		100.267	395.945	391.703
Total liabilities		2.550.092	10.070.060	9.278.511
Commitments	18			

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2018 AND 2017

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

		USD(*) Unaudited Current Period 1 January - 31 March 2018	Unaudited Current Period 1 January - 31 March 2018	Unaudited Prior Period 1 January - 31 March 2017
	Notes			
Profit or Loss				
Revenue	24	581.458	2.296.120	1.557.500
Cost of Sales (-)	24	(512.453)	(2.023.625)	(1.362.788)
Gross Profit (Loss)	24	69.005	272.495	194.712
General Administrative Expenses (-)	25	(13.760)	(54.336)	(46.854)
Marketing Expenses (-)	25	(36.197)	(142.940)	(124.082)
Other Income From Operating Activities	27	32.427	128.051	128.483
Other Expenses From Operating Activities (-)	27	(11.134)	(43.969)	(76.181)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	5.107	20.166	(3.550)
Operating Profit (Loss)		45.447	179.467	72.528
Income from Investment Activities	28	3.776	14.911	7.323
Expenses from Investment Activities (-)	28	(30.755)	(121.447)	(35.169)
Operating Profit (Loss) Before Finance (Expense)/Income		18.469	72.931	44.682
Finance Income	29	38	149	1.769
Finance Expenses (-)	29	(33.088)	(130.660)	(84.368)
Profit (Loss) Before Taxation From Continued Operations		(14.581)	(57.580)	(37.917)
Tax (Expense) Income From Continued Operations	31	1.128	4.455	(5.318)
Tax (Income) Expense for the Period		(2.689)	(10.617)	(4.702)
Deferred Tax Income/ (Expense)		3.817	15.072	(616)
Profit (Loss) For The Period From Continued Operations		(13.453)	(53.125)	(43.235)
Profit (Loss) For The Period From Discontinued Operations				
Profit (Loss) For The Period From Discontinued Operations	30	(17.539)	(69.260)	(49.246)
Profit (Loss) For The Period		(30.992)	(122.385)	(92.481)
Allocation of Profit (Loss) For The Period				
Attributable to Non-Controlling Interests		(2.945)	(11.631)	(12.081)
Attributable to Equity Holders of the Parent Company		(28.047)	(110.754)	(80.400)
Gain / (Loss) Per Share Attributable to Equity Holders of the Parent Company	32	(0,011)	(0,042)	(0,031)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2018 AND 2017**

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

	<i>USD(*)</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>Current Period</i>	<i>Current Period</i>	<i>Prior Period</i>
	<i>1 January</i>	<i>1 January -</i>	<i>1 January -</i>
<i>Notes</i>	<i>31 March 2018</i>	<i>31 March 2018</i>	<i>31 March 2017</i>
Profit (Loss) For The Period	(30.992)	(122.385)	(92.481)
OTHER COMPREHENSIVE INCOME			
That will be reclassified as profit or loss			
Currency translation differences	9.947	39.278	41.249
Gain (losses) on revaluation and/or reclassification of financial assets available for sale	366	1.446	-
Other comprehensive income (loss) related with cash flow hedges	744	2.938	-
Tax effect on gain (losses) on revaluation or classification	(81)	(318)	-
Tax effect on other comprehensive and/or reclassification of financial assets available for sale	(164)	(646)	-
OTHER COMPREHENSIVE INCOME /(LOSS)	10.813	42.698	41.249
TOTAL COMPREHENSIVE INCOME /(LOSS)	(20.180)	(79.687)	(51.232)
Allocation of Total Comprehensive Income/(Loss)			
Attributable to Non-Controlling Interests	(2.786)	(11.003)	(7.467)
Attributable to Equity Holders of the Parent Company	(17.393)	(68.684)	(43.765)

(*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts presented in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as of 31 March 2018.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2018 AND 2017

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

		Accumulated other comprehensive income or loss that will not be reclassified to profit or loss							Accumulated other comprehensive income or loss that will be reclassified to profit or loss			Retained earnings					
	Notes	Share Capital	Adjustments to share capital	Repurchased shared	Gain/loss on revaluation of property plant and equipment	Actuarial gains/losses on defined benefit plans	Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	Share premiums/(discounts)	Gain/(loss) on revaluation and/or reclassification of financial assets available for sale	Currency translation differences	Gain/(losses) from hedge reserves	Restricted reserves	Retained earnings/ accumulated losses	Net profit/ loss for the period	Equity attributable to equity holders of the parent company	Non controlling interests	Equity
Balances at 1 January 2018	23	2.616.938	143.526	(2.080)	34.820	(41.613)	(626)	35.159	32.196	295.272	(665)	312.427	(345.446)	(471.545)	2.608.363	391.703	3.000.066
Adjustments related to forced changing of accounting policies																	
- Effect on changing policy of TFRS 9, net		-	-	-	-	-	-	-	-	-	-	-	(3.047)	-	(3.047)	(625)	(3.672)
Transfers		-	-	-	-	-	-	-	-	-	-	(61.190)	(410.355)	471.545	-	-	-
Dividends																	
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(224)	(224)
Acquisition or disposal of subsidiary																	
- Effect of acquisition of subsidiary (Note 3)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	198	198
- Effect of sale of subsidiary (Note 30)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	(3.340)	-	(3.340)	16.078	12.738
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	182	-	182	(182)	-
Total comprehensive income/(loss)		-	-	-	-	-	-	-	1.128	39.162	1.780	-	-	(110.754)	(68.684)	(11.003)	(79.687)
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	-	(110.754)	(110.754)	(11.631)	(122.385)
Other comprehensive income (loss)		-	-	-	-	-	-	-	1.128	39.162	1.780	-	-	-	42.070	628	42.698
- Currency translation differences		-	-	-	-	-	-	-	-	39.162	-	-	-	-	39.162	116	39.278
- Change in investment property revaluation reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in cash flow hedge reserve		-	-	-	-	-	-	-	-	-	1.780	-	-	-	1.780	512	2.292
- Change in financial asset revaluation fund		-	-	-	-	-	-	-	1.128	-	-	-	-	-	1.128	-	1.128
Balances at 31 March 2018	23	2.616.938	143.526	(2.080)	34.820	(41.613)	(626)	35.159	33.324	334.434	1.115	251.237	(762.006)	(110.754)	2.533.474	395.945	2.929.419

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2018 AND 2017

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

					Accumulated other comprehensive income or loss that will not be reclassified to profit or loss		Accumulated other comprehensive income or loss that will be reclassified to profit or loss					Retained earnings			
	Notes	Share Capital	Adjustments to share capital	Repurchased shares	Gain/loss on revaluation of property plant and equipment	Actuarial gains/losses on defined benefit plans	Share premiums/ (discounts)	Gain/(loss) on revaluation and/or reclassification offinancial assets available for sale	Currency translation differences	Restricted reserves	Retained earnings/ accumulated losses	Net profit/ loss for the period	Equity attributable to equity holders of the parent company	Non controlling interests	Equity
Balances at 1 January 2017	23	2.616.938	143.526	(2.080)	48.007	(37.810)	35.159	15.602	221.961	314.979	(558.713)	(219.223)	2.578.346	438.818	3.017.164
Effect of restatement		-	-	-	-	-	-	-	-	-	420.882	-	420.882	-	420.882
Restated balances as of 1 January 2017		2.616.938	143.526	(2.080)	48.007	(37.810)	35.159	15.602	221.961	314.979	(137.831)	(219.223)	2.999.228	438.818	3.438.046
Transfers		-	-	-	-	-	-	-	-	(2.552)	(216.671)	219.223	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	(246)	(246)
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	(246)	(246)
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	-	50	50
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	165	-	165	(165)	-
Total comprehensive income/(loss)		-	-	-	-	-	-	-	36.635	-	-	(80.400)	(43.765)	(7.467)	(51.232)
<i>Profit (loss) for the period</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(80.400)</i>	<i>(80.400)</i>	<i>(12.081)</i>	<i>(92.481)</i>
<i>Other comprehensive income (loss)</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36.635</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36.635</i>	<i>4.614</i>	<i>41.249</i>
Balances at 31 March 2017	23	2.616.938	143.526	(2.080)	48.007	(37.810)	35.159	15.602	258.596	312.427	(354.337)	(80.400)	2.955.628	430.990	3.386.618

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

1 CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2018 AND 2017

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

		USD(*) Unaudited Current Period 1 January 31 March 2018	Unaudited Current Period 1 January 31 March 2018	Unaudited Prior Period 1 January 31 March 2017
	Notes			
A. Net Cash From Operating Activities		75.796	299.309	36.598
Profit (loss) for the period		(30.992)	(122.385)	(92.481)
Profit (Loss) for the period from continued operations		(13.453)	(53.125)	(43.235)
Profit (Loss) for the period from discontinued operations		(17.539)	(69.260)	(49.246)
Adjustments regarding reconciliation of net profit (loss) for the period		96.537	381.215	306.155
Adjustments related to depreciation and amortization	11,14,15	41.628	164.386	136.593
Adjustments related to provision (reversal) of impairment		2.028	8.010	-
Adjustments related to provisions				
- Adjustments related to provisions for (reversal of) employee benefits	22	1.879	7.421	(2.611)
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	17	496	1.960	1.948
- Adjustments related to other provisions (reversals)	9,11	(1.929)	(7.618)	13.701
Adjustments related to interest (income) and expenses				
- Adjustments related to interest income		(5.196)	(20.519)	(17.363)
- Adjustments related to interest expenses		34.077	134.568	65.017
- Deferred financial expense due to purchases with maturity		2.239	8.840	6.745
- Unearned financial income due from sales with maturity		(9.526)	(37.618)	(16.311)
Adjustments related to changes in unrealised foreign exchange differences		37.246	147.081	92.518
Adjustments related to fair value (gains) losses	13,21	(605)	(2.389)	16.792
Adjustments related to losses (gains) on disposal of non-current assets		(1.669)	(6.592)	(2.168)
Adjustments related to undistributed profits of investments accounted for by the equity method	4	(5.107)	(20.166)	3.550
Adjustments related to tax income (expense)	31	975	3.851	7.744
Changes in working capital		2.508	9.904	(195.096)
Adjustments for decrease (increase) in inventories		(40.423)	(159.628)	(63.250)
Adjustments for decrease (increase) in trade receivables				
- Decrease (increase) in trade receivables from related parties		115	455	(4.666)
- Decrease (increase) in trade receivables from non-related parties		(70.948)	(280.166)	31.022
Increase (decrease) in payables due to employee benefits		(5.227)	(20.641)	1.744
Adjustments regarding decrease (increase) in other receivables on operations				
- Increase (decrease) in other receivables regarding operations with non-related parties		(14.629)	(57.767)	(1.124)
Adjustments regarding increase (decrease) in trade payables				
- Increase (decrease) in trade payables to related parties		1.471	5.810	4.504
- Increase (decrease) in trade payables to non-related parties		61.639	243.405	32.783
Adjustments regarding increase (decrease) in other payables on operations				
- Increase (decrease) in other payables regarding operations with non-related parties		6.606	26.086	(9.241)
Adjustments for other increase (decrease) in working capital				
- Decrease (increase) in other assets regarding operations		(8.277)	(32.687)	(189.758)
- Increase (decrease) in other liabilities regarding operations		(72.181)	285.037	2.890
Net Cash From Operating Activities		68.053	268.734	18.578
Employee termination benefits paid	22	(1.806)	(7.131)	(630)
Income tax refunds (payments)		(5.199)	(20.532)	(16.310)
Other provisions paid	17	-	-	(5.337)
Other cash inflow (outflow)	9	-	-	6.623
Interest received		14.748	58.238	33.674

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

1 CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2018 AND 2017

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

		<i>USD(*)</i> <i>Unaudited</i> <i>Current Period</i> 1 January 31 March 2018	<i>Unaudited</i> <i>Current Period</i> 1 January 31 March 2018	<i>Unaudited</i> <i>Prior Period</i> 1 January 31 March 2017
	Notes			
B. Net Cash From Investing Activities		(60.280)	(238.040)	(50.282)
Cash outflows regarding capital increase and / or share increase of associates and/or joint ventures		(708)	(2.796)	(2.670)
Cash inflows from sale of shares of subsidiaries that does not cause lose of control		3.276	12.936	-
Cash inflows from sale of property, plant, equipment and intangible assets		8.336	32.918	21.440
Cash outflows from purchase of property, plant, equipment and intangible assets	14, 15	(62.870)	(248.266)	(174.750)
Cash outflows regarding acquisition of investment properties		(2.567)	(10.138)	(17.815)
Cash outflows regarding derivative instruments				-
Cash inflows regarding sale of share and / or debt instruments of other entities or funds		(4.256)	(16.806)	123.513
Other cash inflows (outflows)		(1.491)	(5.888)	-
C. Net Cash from Financing Activities		(25.267)	(99.776)	34.462
Proceeds from borrowings				
Proceeds from bank borrowings		125.498	495.579	-
Cash inflows from issued debt instruments		35.959	142.000	-
Cash outflows on debt payments				
Cash outflows due to payments of bank borrowings		(116.958)	(461.855)	(26.922)
Interest paid		(20.978)	(82.841)	(47.205)
Other cash inflows (outflows)		-	-	108.589
Cash flows of discontinued operations		(48.788)	(192.659)	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		(9.751)	(38.507)	20.778
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS		-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(9.751)	(38.507)	20.778
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	432.481	1.707.826	1.508.877
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	422.730	1.669.319	1.529.655

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since 21 June 1993. Within the frame of Resolution No. 21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency ("CRA"), 36,24% shares of Doğan Holding are to be considered in circulation as of 31 March 2018 (31 December 2017: 35,95%). As of 9 March 2018, circulation rate of shares are 36,24%.

The address of Holding's is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34676 İstanbul

As of 31 March 2018, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 8.326 (domestic 7.809) (31 December 2017: 8.247; domestic 7.715). Holding has 60 employees (31 December 2017: 118 employees).

With the decision no. 2018/14 dated 6 April 2018, the Board of Directors of the Group decided to sign the Share Sales Agreement for the sales and transfer of its shares in the capitals of its direct or indirect subsidiaries, which are active in the fields of audio, visual and printed press, and the details of which are explained in Footnote 1, and to authorize the management for this purpose. The details on such transactions for the sales and transfer of shares are presented in Note 2.1.5.

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

Publishing

Subsidiaries	Nature of business	Country
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") ⁽¹⁾	Newspaper publishing	Turkey
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") ⁽¹⁾	Newspaper publishing	Turkey
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung") ⁽¹⁾	Newspaper printing	
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayınılık A.Ş. ("Yenibir") ⁽¹⁾	Internet services	Turkey
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Internet services	Turkey
Proje Land Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Proje Land") ⁽²⁾	İnternet hizmetleri	Turkey
Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Sporarena") ⁽¹⁾	Internet publishing	Turkey
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet Yayıncılığı") ⁽¹⁾	Internet publishing	Turkey
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım") ⁽¹⁾	Distribution	Turkey
Doğan Haber Ajansı A.Ş. ("Doğan Haber") ⁽¹⁾	News agency	Turkey
Doğan Dış Ticaret ve Müessellik A.Ş. ("Doğan Dış Ticaret")	Import and export	Turkey
Falcon Purchasing Services Ltd. ("Falcon")	Foreign Trade	England
Doğan Media International GmbH ("DMI") ⁽¹⁾	Newspaper publishing	Germany
Hürriyet Invest B.V. ("Hürriyet Invest") ⁽¹⁾	Investment	Netherlands
Trader Media East Ltd. ("TME") ⁽¹⁾	Investment	Jersey
TCM Adria d.o.o. ⁽¹⁾	Investment	Croatia
Mirabridge International B.V. ⁽¹⁾	Investment	Netherlands
Publishing International Holding B.V. ⁽¹⁾	Investment	Netherlands
OOO RUKOM ⁽¹⁾	Internet publishing	Russia
OOO Pronto Samara ⁽¹⁾	Newspaper and Internet publishing	Russia
OOO Pronto Media Holding Ltd. ⁽¹⁾	Newspaper and Internet publishing	Russia
OOO SP Belpronto ⁽¹⁾	Newspaper and Internet publishing	Belarus
ZAO Pronto Akzhol ⁽¹⁾	Newspaper and Internet publishing	Kazakhstan

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Publishing (continued)

Subsidiaries	Nature of business	Country
TOO Pronto Akmola ⁽¹⁾	Newspaper and Internet publishing	Kazakhstan
ID Impress Media LLC ⁽¹⁾	Publishing	Russia
OOO Rektcentr ⁽¹⁾	Investment	Russia
Publishing House Pennsylvania Inc. ⁽¹⁾	Investment	USA

Joint Ventures	Nature of business	Country
Dergi Pazarlama Planlama ve Ticaret A.Ş. (“DPP”)	Planning	Turkey
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. (“Doğan Burda”)	Magazine publishing	Turkey
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. (“Doğan Egmont”)	Magazine publishing	Turkey
SP Pronto Kiev ⁽¹⁾	Newspaper and Internet publishing	Ukraine
TOV E-Prostir ⁽¹⁾	Internet publishing	Ukraine

Broadcasting

Subsidiaries	Nature of business	Country
Doğan TV Holding A.Ş. (“Doğan TV Holding”) ⁽¹⁾	Tv publishing	Turkey
DTV Haber ve Görsel Yayıncılık A.Ş. (“Kanal D”) ⁽¹⁾	Tv publishing	Turkey
Mozaik İletişim Hizmetleri A.Ş. (“Mozaik” veya “D-smart”) ⁽¹⁾	Tv publishing	Turkey
Doğan TV Digital Platform İşletmeciliği A.Ş. (“Doğan TV Dijital”) ⁽¹⁾	Digital platform and internet services	Turkey
D Yapım Reklamcılık ve Dağıtım A.Ş. (“D Yapım Reklamcılık”)	Tv publishing	Turkey
Osmose Media S.A. (“Osmose Media”) ⁽¹⁾	Marketing	Luxembourg
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. (“Doğan Uydu Haberleşme”) ⁽¹⁾	Tv publishing	Turkey
Uydu İletişim Basın Yayın A.Ş. (“Uydu”) ⁽¹⁾	Tv publishing	Turkey
Doruk Televizyon ve Radyo Yayıncılık A.Ş. ⁽¹⁾		
(“Doruk Televizyon” veya “CNN Türk”) ⁽¹⁾	Tv publishing	Turkey
Doğa Televizyon ve Radyo Yayıncılık A.Ş. (“Doğa TV”) ⁽¹⁾	Tv publishing	Turkey
Dark Yapımcılık ve Ticaret A.Ş. (“Dark Yapımcılık”) ⁽¹⁾	Tv publishing	Turkey
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş. (“Altın Kanal”) ⁽¹⁾	Tv publishing	Turkey
Stil Televizyon ve Radyo Yayıncılık A.Ş. (“Stil TV”) ⁽¹⁾	Tv publishing	Turkey
Selenit Televizyon ve Radyo Yayıncılık A.Ş. (“Selenit TV”) ⁽¹⁾	Tv publishing	Turkey
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş. (“Ekinoks TV”) ⁽¹⁾	Tv publishing	Turkey
Fleks Televizyon ve Radyo Yayıncılık A.Ş. (“Fleks TV”) ⁽¹⁾	Tv publishing	Turkey
Kutup Televizyon ve Radyo Yayıncılık A.Ş. (“Kutup TV”) ⁽¹⁾	Tv publishing	Turkey
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. (“Galaksi TV”) ⁽¹⁾	Tv publishing	Turkey
Yörünge Televizyon ve Radyo Yayıncılık A.Ş. (“Yörünge TV”) ⁽¹⁾	Tv publishing	Turkey
Tematik Televizyon ve Radyo Yayıncılık A.Ş. (“Tematik TV”) ⁽¹⁾	Tv publishing	Turkey
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş. (“Süperkanal”) ⁽¹⁾	Tv publishing	Turkey
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. (“Eko TV”) ⁽¹⁾	Tv publishing	Turkey
Blutv İletişim ve Dijital Yayın Hizmetleri A.Ş. (“Blutv İletişim”)	Tv publishing	Turkey
Primeturk GmbH (“Prime Turk”) ⁽¹⁾	Marketing	Germany
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş. (“Fun TV”) ⁽¹⁾	Tv publishing	Turkey
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. (“Tempo TV”) ⁽¹⁾	Tv publishing	Turkey
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş. (“Kanalspor”) ⁽¹⁾	Tv publishing	Turkey

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Broadcasting (continued)

Subsidiaries	Nature of business	Country
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş. (“Milenyum TV”) ⁽¹⁾	Tv publishing	Turkey
TV2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. (“TV 2000”) ⁽¹⁾	Tv publishing	Turkey
Popüler Televizyon ve Radyo Yayıncılık A.Ş. (“Popüler TV”) ⁽¹⁾	Tv publishing	Turkey
Dogan Media International S.A. (“Kanal D Romanya”)	Tv publishing	Romania
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. (“Rapsodi Radyo”)	Radio publishing	Turkey
Doğan Müzik Yapım ve Ticaret A.Ş. (“DMC”)	Music and entertainment	Turkey
Mavi Digital Teknoloji Hizmetleri ve Ticaret A.Ş. (“Mavi Digital”) ⁽¹⁾	Internet publishing	Turkey

Retail

Subsidiaries	Nature of business	Country
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. (“D&R”) ⁽³⁾	Retail	Turkey
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. (“Hürservis”) ⁽³⁾	Retail	Turkey
A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret A.Ş. (“A.G.T.Tanıtım”) ⁽³⁾	Retail	Turkey

Energy

Subsidiaries	Nature of business	Country
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. (“Doğan Enerji”)	Energy	Turkey
Galata Wind Enerji A.Ş. (“Galata Wind”)	Energy	Turkey
FB Güneş Enerjisi Yatırımları A.Ş. (“FB Güneş Enerjisi”) ⁽⁴⁾	Energy	Turkey
Aytemiz Akaryakıt Dağıtım A.Ş. (“Aytemiz Akaryakıt”)	Energy	Turkey
Aytemiz Petrolcülük Ticaret Limited Şirketi (Aytemiz Petrolcülük”)	Energy	Turkey
Doel Elektrik Enerjisi Toptan Satış A.Ş. (“Doel Elektrik”) ⁽⁷⁾	Energy	Turkey
İstasyon Petrol Ticaret Limited Şirketi (“İstasyon Petrolcülük”) ⁽⁸⁾	Energy	Turkey
Subsidiaries	Nature of business	Country
Boyabat Elektrik Üretim ve Ticaret A.Ş. (“Boyabat Elektrik”)	Energy	Turkey
Aslancık Elektrik Üretim A.Ş. (“Aslancık Elektrik”)	Energy	Turkey
Gas Plus Erbil Ltd. (“Gas Plus Erbil”)	Energy	Jersey

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Other

Subsidiaries	Nature of business	Country
Çelik Halat ve Tel Sanayii A.Ş. (“Çelik Halat”)	Production	Turkey
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. (“Ditaş Doğan”)	Production	Turkey
Ditas America LLC (“Ditas America”)	Trade	USA
Ditas Trading (Shanghai) Co. Ltd. (“Ditas Trading”)	Trade	People’s Republic of China
D Stroy Limited (“D Stroy”)	Trade	Russia
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. (“Milpa”)	Trade	Turkey
Milta Turizm İşletmeleri A.Ş. (“Milta Turizm”)	Tourism	Turkey
İlke Turistik Yatırımları A.Ş. (“İlke Turistik”)	Tourism	Turkey
Marlin Otelcilik ve Turizm A.Ş. (“Marlin Otelcilik”)	Tourism	Turkey
Neta Yönetim Danışmanlık Havacılık Hizmetleri A.Ş. (“Neta Yönetim”)	Tourism	Turkey
M Investment 1 LLC (“M Investment”)	Real estate	USA
Suzuki Motorlu Araçlar Pazarlama A.Ş. (“Suzuki”)	Trade	Turkey
Glokal Motorlu Araçlar Pazarlama A.Ş. (“DAF”)	Trade	Turkey
Trend Motosiklet Pazarlama A.Ş. (“Trend Motosiklet”)	Trade	Turkey
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“Öncü Girişim”)	Investment	Turkey
Doruk Faktoring A.Ş. (“Doruk Faktoring”) ⁽⁹⁾	Factoring	Turkey
Kelkit Doğan Besi İşletmeleri A.Ş. (“Doğan Besi”) ⁽⁵⁾	Agriculture	Turkey
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. (“Orta Anadolu Otomotiv”)	Trade	Turkey
SC D-Yapı Real Estate, Investment and Construction S.A. (“D Yapı Romanya”)	Real estate	Romania
DHI Investment B.V. (“DHI Investment”)	Investment	Netherland
Doruk Finansman A.Ş. (“Doruk Finansman”)	Finance	Turkey
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (“Değer Merkezi”)	Management Consultancy	Turkey

Joint Ventures	Nature of business	Country
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. (“Kandilli Gayrimenkul”)	Real estate	Turkey
Ultra Kablolü Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. (“Ultra Kablolü”)	Telecommunication	Turkey

(1) As the related subsidiaries are subject to the transaction for the sales and transfer of shares, the details of which are explained in Note 2.1.5, assets belonging to these subsidiaries as of 31 March 2018 were included in the item “fixed assets classified for sales purposes,” and liabilities were included in the item “liabilities for asset groups classified for sales purposes.”

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

(3) Explained in Note 37.

(4) The shareholding transfer of the related subsidiary was registered on 4 April 2018.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standards

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

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

These consolidated financial statements, except for the financial assets and investment properties that are presented at fair value, are prepared on the basis of historical cost.

Adjustment to the financial statements in hyperinflationary periods

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

Functional and presentation currency

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

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

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

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

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

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

2.1.3 Consolidation principles

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

(a) Subsidiaries

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

Control is achieved when the Group:

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) *Subsidiaries (Continued)*

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

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

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

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

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Doğan Holding in its subsidiaries are eliminated from equity and income for the period.

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

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

Changes in ownership interests

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

The table below sets out the proportion of voting power held by Doğan Holding, Doğan Family and its subsidiaries and effective ownership interests as of 31 March 2018 and 31 December 2017:

Publishing

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Subsidiaries								
Hürriyet	77,65	77,65	-	-	77,65	77,65	77,65	77,65
Doğan Gazetecilik	92,55	92,81	0,52	0,52	93,07	93,33	92,55	92,81
Hürriyet								
Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Glokal	100,00	100,00	-	-	100,00	100,00	79,29	79,29
Proje Land ⁽¹⁾	86,00	-	-	-	86,00	-	68,19	-
Sporarena	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Doğan İnternet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	99,72	99,73
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Haber	99,99	99,99	-	-	99,99	99,99	99,99	99,99
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
DMI	100,00	100,00	-	-	100,00	100,00	90,52	90,52
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	77,65
TME	97,29	97,29	-	-	97,29	97,29	75,54	75,54
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing International								
Holding B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO RUKOM	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Media								
Holding Ltd.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	45,32	45,32
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	60,43	60,43
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	75,54	75,54
ID Impress Media LLC	91,00	91,00	-	-	91,00	91,00	68,74	68,74
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing House								
Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	75,54	75,54

(1) The related subsidiary was registered on 26 January 2018.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

Broadcasting

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
	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017
Doğan TV Holding	93,22	93,22	0,10	0,10	93,32	93,32	93,22	93,22
Kanal D	94,97	94,97	5,03	5,03	100,00	100,00	88,53	88,53
Mozaik	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	93,30	93,30
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Osmose Media	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Doğan Uydu Haberleşme	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Uydu	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Doğa TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Dark Yapımcılık	100,00	100,00	-	-	100,00	100,00	88,53	88,53
Altın Kanal	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Stil TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Selenit TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Fleks TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Kutup TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Galaksi TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Yörünge TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Tematik TV	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Süper Kanal	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Eko TV	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Blutv İletişim	100,00	100,00	-	-	100,00	100,00	90,96	90,96
Prime Turk	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Fun TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Tempo TV	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Kanal Spor	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Milenyum TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
TV 2000	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Popüler TV	100,00	100,00	-	-	100,00	100,00	93,30	93,30
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	93,22	93,22
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	93,22	93,22
DMC	100,00	100,00	-	-	100,00	100,00	93,22	93,22
Mavi Digital	100,00	100,00	-	-	100,00	100,00	88,53	88,53

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

Retail

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
	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017
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
A.G.T. Tanıtım	90,00	90,00	-	-	90,00	90,00	90,00	90,00

Energy

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
	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
FB Güneş Enerjisi ⁽²⁾	100,00	-	-	-	100,00	-	100,00	-
Aytemiz Akaryakıt	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Aytemiz Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Doel Elektrik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
İstasyon Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00

Other

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017
Çelik Halat	77,65	78,85	-	-	77,65	78,85	77,65	78,85
Ditaş Doğan	72,62	73,59	-	-	72,62	73,59	72,62	73,59
Ditas America	100,00	100,00	-	-	100,00	100,00	72,62	73,59
Ditas Trading ⁽³⁾	100,00	100,00	-	-	100,00	100,00	72,62	73,59
D Stroy	100,00	100,00	-	-	100,00	100,00	72,62	73,59
Milpa	83,04	86,27	0,16	0,16	83,19	86,43	83,04	86,27
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
İlke Turistik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Marlin Otelcilik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Neta Yönetim	100,00	100,00	-	-	100,00	100,00	100,00	100,00
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00

⁽²⁾ The related subsidiary was registered on 4 April 2018.

⁽³⁾ The related subsidiary is in the liquidation process as of 20 January 2017

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

Other (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
	March	December	March	December	March	December	March	December
	2018	2017	2018	2017	2018	2017	2018	2017
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Trend Motosiklet	99,84	99,84	-	-	99,84	99,84	99,84	99,84
DAF	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Öncü Girişim	100,00	100,00	-	-	100,00	100,00	98,14	98,20
Doruk Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	98,86
Orta Anadolu Otomotiv	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Kelkit Doğan Besi	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Değer Merkezi	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doruk Finansman	97,02	97,02	2,98	2,98	100,00	100,00	97,02	97,02

(b) *Non-controlling interests*

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

(c) *Joint Ventures*

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

Joint Ventures

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.4 Offsetting

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

2.1.5 Comparative information and restatement of previously reported financial statements

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

In accordance with the board decision dated 22 November 2017 of Pronto Media Holding, located in Russia as the indirect subsidiary of Trader Media East Ltd, of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, and classified such operations as “discontinued operations.” In order to ensure consistency with the presentation of current period financial statements, the Group included such activities as discontinued operations in the income statement for the accounting period of 1 January - 31 March 2017, related footnotes and cash flow statement.

As stated in Note 2.3.1, as of 31 December 2017 consolidated financial statements were reorganized retrospectively for TRY 420,882. In consequence of this restatement, no changes were made in consolidated profit and loss statements and consolidated cash flow statements submitted as part of the consolidated financial statements.

With the decision no. 2018/14 dated 6 April 2018, the Board of Directors of the Group decided to sign the Share Sales Agreement for the sales and transfer of its shares in the capitals of its direct or indirect subsidiaries, which are active in the fields of audio, visual and printed press, and the details of which are explained in Note 1, and to authorize the management for this purpose. Details on the transactions for the sales and transfer of shares are explained at Public Disclosure Platform on 22 March 2018 and 6 April 2018. In line with this decision, assets belonging to the mentioned subsidiaries as of 31 March 2018 were included in the item “fixed assets classified for sales purposes,” and liabilities were included in the item “liabilities for asset groups classified for sales purposes.” Activities of the mentioned subsidiaries within the interim accounting period of 1 January-31 March 2018 are classified as discontinued operations. In order to ensure consistency with the consolidated profit and loss statement and related footnotes for the interim accounting period of 1 January-31 March 2017, as well as with the presentation of current period’s consolidated financial statements in the consolidated cash flow statement, the Group included such activities as discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)****2.1.5 Comparative information and restatement of previously reported financial statements (Continued)***Transition to TFRS 15 “Revenue from contracts with customers”*

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

Transition to TFRS 9 “Financial instruments”

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

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

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

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

Retained earnings as of 1 January	2018
Previously reported	
Pre-tax effects of amendments related to implementation of TFRS 9 standard	4.708
Tax effects of amendments related to implementation of TFRS 9 standard	(1.036)
Effects of amendments related to implementation of TFRS 15 standard	-
Restated	3.672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

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

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

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

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

a) Standards and amendments published but not yet effective as of 31 March 2018:

- TFRS 9, “Financial instruments”; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- Amendment to TFRS 15, “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance.
- Amendments to TFRS 4, “Insurance contracts” regarding the implementation of TFRS 9, ‘Financial Instruments’; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and no significant impact is expected. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

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

a) Standards and amendments published but not yet effective as of 31 March 2018 (Continued)

- Amendment to TAS 40, “Investment property” relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and no significant impact is expected.
- Amendments to TFRS 2, “Share based payments” on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and no significant impact is expected.
- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
 - TFRS 1, “First time adoption of TFRS”, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10,
 - TAS 28, “Investments in associates and joint venture” regarding measuring an associate or joint venture at fair value.
- TFRS Interpretation 22, “Foreign currency transactions and advance consideration”; effective from annual periods beginning on or after 1 January 2018. This TFRS addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group has completed detailed assessment related with the effects of aforementioned change on Group’s financial position and performance and no significant impact is expected.

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2018:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

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

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2018 (continued):

- Amendment to TAS 28, “Investments in associates and joint venture”; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.
- TFRS 16, “Leases”; effective from periods beginning on or after 1 January 2019, this standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. For lessors, the accounting stays almost the same. However, updated guidance on the definition of a lease (as well as the updated guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- TFRS Interpretation 23, “Uncertainty over income tax treatments”; effective from periods beginning on or after 1 January 2019. This TFRS clarifies how the recognition and measurement requirements of TAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. TFRS 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRS 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- TFRS 17, “Insurance contracts”; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - TFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - TFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.1 Basis of Presentation (Continued)

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

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2018 (continued):

- TAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

2.1.8 US Dollar convenience translation

US Dollar (“USD”) amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira (“TL”), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 3,9489 = USD 1,00 as of 31 March 2018. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

2.2 Summary of Significant Accounting Policies

Related parties

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

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (continued)

Related parties (continued)

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

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

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

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

Cash and cash equivalents

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Trade receivables and provision for doubtful receivables

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

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

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

TAS 39 “Financial Instruments” valid before 01 January 2018: Instead of “realised credit losses model” in Accounting and Measurement Standard, “expected credit loss model” was defined in TFRS 9 “Financial Instruments” Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Company are considered.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Inventories

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

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

Financial Assets

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

(a) Financial assets carried at amortized cost

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

Impairment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial assets (continued)

(b) Financial assets carried at fair value

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

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of “derivative instruments” in consolidated statement of financial position and “financial asset”, which are acquired to benefit from short-term price or other fluctuations in the market or which are a part of a portfolio aiming to earn profit in the short-run, irrespective of the reason of acquisition, and kept for trading purposes. Derivative instruments are recognised as asset if their fair value is positive and as liability if their fair value is negative. Group’s derivative instruments consist of transactions concerning future contracts. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the consolidated statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realised or unrealised profit and losses are recognised under “financing income / expense”. Dividends are recognised as dividend income in consolidated profit or loss statement. Financial assets including the derivative products determined as hedging instruments are classified as financial assets whose fair value difference is reflected as profit or loss (Note 21).

ii) Financial assets at fair value through other comprehensive income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting

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

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

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

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

Investment properties

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Investment properties (Continued)

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

Property, plant and equipment

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial leases

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

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

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

Operating lease

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

Intangible assets and related amortization

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization (Continued)

Estimated useful lives of intangible assets that have an estimated useful life are as follows:

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

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

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

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 recognized as expense. Maintenance costs of web pages are accounted as general administrative and marketing expenses.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Broadcasting programme rights

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

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

The Group has decided to recognize Turkish Series, which were evaluated as program stocks in the previous periods, as program rights starting from 1 January 2016 according to which does not have any limitation about the right to sell, have been broadcasted at least six episodes or committed to be broadcasted at least six episodes and have potential to be sold to overseas. Turkish Series classified as program rights are amortized within 5 years (2017: 5 years)

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

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

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Taxation(continued)

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

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

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

Current and deferred tax

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

Financial borrowings and borrowing costs

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

Financial liabilities regarding to put options of non-controlling interests

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Employment termination benefits

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

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

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

Provisions, contingent assets and liabilities

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

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

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

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

A contingent asset is disclosed where an inflow of economic benefit is probable.

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

Share capital and dividends

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition(continued)

The Group recognises its income from barter advertising sales on accrual basis. Group’s income for the advertising which was not broadcasted is recognised as “agreement liability” in the statement of financial position

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition(continued)

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

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

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

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

Advertisement revenue

The Group’s advertisement income is made up of income gained from the advertisements that were published on written, visual and digital media. If the client simultaneously gets the benefits of performance as the advertisement is published and consumes it, that means the Group has transferred the service’s control over time. Therefore, as performance liability is carried out (as the advertisement is published), revenue is recognised over time and depending on the output method. The unpublished portion of the ads are recognised in the financial statement as contractual liability.

Revenues from circulation, magazine sales, distribution and press income

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

Contract press income includes press services provided to group companies and other companies through the use of the Group’s press facility. The income generated in scope of this service is recognised when the newspaper is delivered to be distributed “at a specific time”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition(continued)

Subscription and membership income

Subscription income includes Pay TV, ADSL internet, magazine subscriptions and real estate website memberships. The Group tracks Pay TV, ADSL internet, magazine subscriptions and real estate website memberships in an individual manner as well as a corporate manner.

The Group may sell subscriptions and memberships by making separately sold products and services into packages. (Example: Publishing a listing through a real estate site, highlighting service and mobile phone may be sold as a package.) Each product and service included in the package is recognised as a separate performance. For each performance, independent sale price is determined considering observable prices. When the control of the performance is passed over to the client, it is recorded as income. The clients can benefit from Pay TV, ADSL internet, publishing listings and highlighting service simultaneously, so it is recognised "over time" and through output method. When the physical ownership of packaged products (telephone, camera, etc.) is transferred to the client, the income is recognised.

Oil sale income

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

Electricity sale revenues

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

Retail sale revenues

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

Industry income

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

Other income

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition(continued)

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

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

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

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

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

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

Business combinations

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (continued)

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with if it is found to be within the standard of TFRS 9 Financial Instruments: Recognition and Measurement, the mentioned conditional price is measured at its fair value and the gain or loss arising out of the change is recognised under profits, losses or other comprehensive income. Those not covered under the scope of TFRS 9, is recognized in profit or loss as per TAS 37 Provisions or other suitable "TAS"

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

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

Goodwill

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Goodwill (continued)

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

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

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

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

Foreign currency transactions

Foreign currency transactions and balances

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Assets Held for Sale

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

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

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

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

Group companies

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Group companies (continued):

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

Country	Currency	31 March 2018	31 December 2017
Eurozone	Avro	4,8673	4,5155
Russia	Ruble	0,0685	0,0651
USA	Dolar	3,9489	3,7719
Romania	New Lei	1,0392	0,9637

Segment Reporting

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

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

Earnings/ (loss) per share

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Government grants

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

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

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

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

Subsequent events

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

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

Statement of cash flows

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

a) *Impairment of goodwill and intangible assets*

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

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

As of November 2011, the Group management considered the VAT principle amounting to TRY 454.281 imposed as a consequence of share exchanges and transfers recognised in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon (the related subsidiary merged with D Yapım in 2013 and dissolve without liquidation) and Alp Görsel (the related subsidiary merged with Doğan TV in 2014 and dissolved without liquidation) and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of “recourse VAT invoice” by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TRY 367.990 and TRY 86.291 have been recognised in the statutory records of D Yapım and Doğan TV Holding respectively. Due to the specific nature of the transaction and considering precautionary principle, the Group management adopted the policy that such “Deductible VAT” should not be recorded as an asset in the consolidated financial statements based on its actual utilization in subsequent taxation periods. However, the Group management revised the issue at this point, restated the consolidated financial statements as of 31.12.2017 in line with the opinion it formed considering the previous actual utilization performance of such “Deductible VAT” asset as per the applicable legislation and relevant declaration and audit applications, and recognized TRY 6.281 of the related “deductible VAT” asset in “other current assets” and TRY 414.601 in “other non-current assets.”

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

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

d) *Deferred tax assets*

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS published by POAASA and their statutory financial statements. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. The Group, considering the future income projections, recognized deferred tax assets amounting to TRY 22.416 (31 December 2017: TRY 32.579) arising from carry forward tax losses amounting to TRY 112.080 as of 31 March 2018 (31 December 2017: TRY 162.895). As of 31 March 2018, deferred tax assets not calculated arising from carry forward tax losses are TRY 22.416 (31 December 2017: TRY 32.579 (Note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

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

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers. Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. When trade receivables are not impaired along with realised impairment losses for certain reasons, the Group recognises an expected credit loss provision equal to the expected lifetime credit loss for these trade receivables as per TFRS 9. Expected credit loss is calculated using expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from main activities. Additionally, the Group assesses to provide provision for its receivables for which there are no special agreed guarantees and overdue for more than a year. As of 31 March 2018, doubtful provision is TRY 60.439 (31 December 2017: TRY 257.243) (Note 9).

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.

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

- Within the scope of current economical boundaries, the Group is free to set the sales prices for these products.
- General stock risk for the mentioned products belong to the Group. Regarding newspaper sales, the Group purchases newspapers from vendors, and sells them to dealers via its distribution network. Returns of newspapers from dealers are returned to vendors by the Group. General stock risk for these procedures cover a period of approximately one week.
- Collection risk belongs to the Group.

f) *Investment properties*

Important assumptions of the Group Management regarding the ongoing investments are disclosed in Note 13.

NOTE 3 - BUSINESS COMBINATIONS

Acquisition of the shares of FB Güneş Enerji Company

The Group took over all share certificates representing 100% of FB Güneş Enerjisi Yatırımları A.Ş. on 15 March 2018 in exchange for €1,360. This purchase was realized in line with the Group's growth targets in Turkish energy market. The difference between net cash inflow and net liabilities corresponding to the Group's share was recognized in the income statement as of the acquisition date.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Acquisition of Doruk Finansman's shares

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

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

NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

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

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

Joint Ventures	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
Doğan Burda	45,02	45,02	0,27	0,27	45,29	45,29	45,02	45,02
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	50,00	50,00
DPP	56,00	56,00	-	-	56,00	56,00	56,00	56,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	37,77	37,77
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	37,77	37,77
Ultra Kablolu ⁽¹⁾	50,00	50,00	-	-	50,00	50,00	50,00	50,00

⁽¹⁾ The related joint venture has ceased its operations as of November 2006.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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 are eliminated in accordance with the Group's share in its related subsidiary or its joint venture. The summary of the Group's share of the financial statements of the investments accounted for by the equity method as of 31 March 2018 and 31 December 2017 are as follows:

31 March 2018	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit/ (loss)
Gas Plus Erbil	522.186	1.039	521.147	260.574	-	(290)	(145)
Kandilli Gayrimenkul	182.713	11.284	171.429	85.715	-	9.357	4.679
Doğan Burda	56.539	31.494	25.045	11.275	24.267	1.914	862
Other	81.990	40.905	41.085	20.563	17.878	(199)	(101)
Total	843.428	84.722	758.706	378.127	42.145	10.782	5.295
Boyabat Elektrik ⁽²⁾	1.873.720	3.424.476	(1.550.756)	(274.281)	42.846	(220.802)	22.688
Aslancık Elektrik	438.481	502.059	(63.578)	(21.191)	18.378	(23.453)	(7.817)
Total	2.312.201	3.926.535	(1.614.312)	(295.472)	61.224	(244.255)	14.871
31 December 2017	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit/ (loss)
Doruk Finansman ⁽¹⁾	-	-	-	-	3.132	(4.404)	(2.114)
Gas Plus Erbil	494.374	1.768	492.606	246.303	-	(769)	(385)
Kandilli Gayrimenkul	171.036	8.964	162.072	81.036	-	18.741	9.371
Doğan Burda	51.220	28.090	23.130	10.413	80.437	(3.079)	(1.386)
Other	75.194	33.912	41.282	20.663	75.391	5.500	2.724
Total	791.824	72.734	719.090	358.415	158.960	15.989	8.210
Boyabat Elektrik ⁽²⁾	1.896.790	3.223.328	(1.326.538)	(296.969)	285.528	(514.327)	(70.369)
Aslancık Elektrik	450.455	490.579	(40.124)	(13.373)	82.612	(38.048)	(12.681)
Total	2.347.245	3.713.907	(1.367.662)	(310.342)	368.140	(552.375)	(83.050)

(1) Explained in Note 3. It comprise of the Group's share until the acquisition date.

(2) Doğan Holding has given bail amounting to USD 69.458 (TRY 274.281) (31 December 2017: USD 78.732 (TRY 296.969) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is calculated by taking into account the application of of TAS 28 item 39 and the Group's share of net liabilities at Boyabat Elektrik, even if the net assets of the Group have fallen to zero or below, It is limited to the amount of guarantee the Holding gives to the project financing loan.

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

	2018	2017
1 January	48.073	96.178
Currency translation differences	11.620	7.857
Share of gain (loss) on investments accounted for by the equity method	20.166	(3.550)
Capital increase	2.796	2.474
31 March	82.655	102.959

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

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

Condensed statement of financial position information:

31 March 2018	Boyabat Elektrik	Aslancık Elektrik	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	2.829	6.535	1.734	5.117	16.589	7.178	39.982
Other current assets	40.955	7.877	30	-	34.545	67.718	151.125
Other non-current assets	1.829.936	424.070	180.949	517.069	5.405	7.094	2.964.523
Total assets	1.873.720	438.482	182.713	522.186	56.539	81.990	3.155.630
Short-term borrowings	459.918	205.203	-	-	-	6.023	671.144
Other short-term liabilities	200.465	12.572	29	202	24.312	33.045	270.625
Liabilities regarding finance sector	-	-	-	-	-	-	-
Long-term borrowings	2.589.187	283.898	-	-	-	-	2.873.085
Other long-term liabilities	174.906	386	11.255	837	7.182	1.837	196.403
Total liabilities	3.424.476	502.057	11.284	1.039	31.494	40.905	4.011.257
Net assets:	(1.550.756)	(63.578)	171.429	521.147	25.045	41.085	(855.627)
<i>Group's share</i>	0,33	0,33	0,50	0,50	0,45		
Group's net asset share	(274.281)	(21.191)	85.715	260.574	11.275	20.563	82.655

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

Condensed statement of financial position information (Continued):

31 December 2017	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	1.049	17.611	-	1.641	482	13.259	1.048	35.090
Other current assets	52.075	8.317	-	8	-	31.832	66.953	159.185
Other non-current assets	1.843.666	424.527	-	169.387	493.892	6.129	7.193	2.944.794
Total assets	1.896.790	450.455	-	171.036	494.374	51.220	75.194	3.139.069
Short-term borrowings	417.596	110.647	-	-	-	-	6.023	534.266
Other short-term liabilities	64.921	33.363	-	23	968	20.280	26.069	145.624
Liabilities regarding finance sector	-	-	-	-	-	-	-	-
Long-term borrowings	2.574.502	346.214	-	-	-	-	-	2.920.716
Other long-term liabilities	166.309	355	-	8.941	800	7.810	1.820	186.035
Total liabilities	3.223.328	490.579	-	8.964	1.768	28.090	33.912	3.786.641
Net assets:	(1.326.538)	(40.124)	-	162.072	492.606	23.130	41.282	(647.572)
<i>Group's share</i>	0,33	0,33	-	0,50	0,50	0,45		
Group's net asset share	(296.969)	(13.373)	-	81.036	246.303	10.413	20.663	48.073

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

1 January - 31 March 2018	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	42.846	18.378	-	-	-	24.267	17.878
Operating profit/(loss)	5.926	5.131	-	11.560	(188)	2.523	474
Net financial (expense)/income	(226.542)	(32.003)	-	110	(17)	(42)	(668)
Profit/(loss) before income tax	(220.616)	(26.872)	-	11.671	(290)	2.488	(198)
Currency translation differences	-	-	-	-	23.240	-	-
Total comprehensive income/(loss)	(220.802)	(23.453)	-	9.357	22.950	1.914	(199)
<i>Group's share</i>	0,33	0,33	0,48	0,50	0,50	0,45	-
Group's net share on profit/(loss)	22.688	(7.817)	-	4.679	(145)	862	(100)

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

⁽¹⁾ Explained in Note 3. It comprise of the Group's share until the acquisition date.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 5 - SEGMENT REPORTING

a) External revenue

	1 January - 31 March 2018	1 January - 31 March 2017
Retail	224.583	184.585
Energy	1.718.189	1.172.843
Other	353.348	200.072
	2.296.120	1.557.500

b) Profit/(loss) before income tax

	1 January - 31 March 2018	1 January - 31 March 2017
Retail	308	3.809
Energy	8.953	(10.923)
Other	(66.841)	(30.803)
	(57.580)	(37.917)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the interim period ended 1 January - 31 March 2018:

	Publishing	Broadcasting	Retail	Energy	Other	Inter Segment Elimination	Total
External revenue	-	-	224.583	1.718.189	353.348	-	2.296.120
Inter segment revenue	-	-	172	3.929	32.188	(36.289)	-
Total revenue	-	-	224.755	1.722.118	385.536	(36.289)	2.296.120
Revenue	-	-	224.755	1.722.118	385.536	(36.289)	2.296.120
Cost of sales	-	-	(141.896)	(1.639.895)	(261.306)	19.472	(2.023.625)
Gross profit/(loss)	-	-	82.859	82.223	124.230	(16.817)	272.495
General administrative expenses	-	-	(7.815)	(8.568)	(47.486)	9.533	(54.336)
Marketing expenses	-	-	(72.713)	(47.520)	(31.492)	8.785	(142.940)
Share of gain/(loss) on investments accounted for by the equity method	-	-	-	14.726	5.440	-	20.166
Other income/(expenses) from operating activities, net	-	-	(518)	31.065	57.690	(4.155)	84.082
Income/(expenses) from investing activities, net	-	-	(55)	691	(105.738)	(1.434)	(106.536)
Financial income/(expenses), net	-	-	(1.450)	(63.664)	(69.485)	4.088	(130.511)
Profit/(loss) before tax from continuing operations	-	-	308	8.953	(66.841)	-	(57.580)
Loss after tax from discontinued operations	6.208	(67.162)	-	-	-		(60.954)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 5 - SEGMENT REPORTING (Continued)

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

	Publishing	Broadcasting	Retail	Energy	Other	Inter Segment Elimination	Total
External revenue	-	-	184.585	1.172.843	200.072	-	1.557.500
Inter segment revenue	-	-	167	5.758	30.210	(36.135)	-
Total revenue	-	-	184.752	1.178.601	230.282	(36.1359)	1.557.500
Revenue	-	-	184.752	1.178.601	230.282	(36.1359)	1.557.500
Cost of sales	-	-	(118.994)	(1.093.617)	(168.963)	18.786	(1.362.788)
Gross profit/(loss)	-	-	65.758	84.984	61.319	(17.349)	194.712
General administrative expenses	-	-	(6.278)	(3.327)	(44.364)	7.115	(46.854)
Marketing expenses	-	-	(56.120)	(46.671)	(27.279)	5.988	(124.082)
Share of gain/(loss) on investments accounted for by the equity method	-	-	-	(7.094)	3.544	-	(3.550)
Other income/(expenses) from operating activities, net	-	-	1.568	6.475	40.823	3.436	52.302
Income/(expenses) from investing activities, net	-	-	1.519	655	(30.020)	-	(27.846)
Financial income/(expenses), net	-	-	(2.638)	(45.945)	(34.826)	810	(82.599)
Profit/(loss) before tax from continuing operations	-	-	3.809	(10.923)	(30.803)	-	(37.917)
Loss after tax from discontinued operations	1.103	(47.923)	-	-	-	-	(46.820)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets

	31 March 2018	31 December 2017
Total assets		
Publishing	-	1.580.089
Broadcasting	-	1.774.132
Retail	420.543	424.847
Energy	2.608.200	2.525.337
Non-current assets classified as held for sale	2.276.736	-
Other	11.142.463	9.805.647
Total	16.447.942	16.110.052
Less: segment elimination ⁽¹⁾	(6.377.882)	(6.831.541)
Total assets per consolidated financial statements	10.070.060	9.278.511
	31 March 2018	31 December 2017
Shareholder's equity		
Publishing and broadcasting	-	1.025.510
Retail	94.959	89.019
Energy	1.346.831	1.293.352
Other	8.822.138	7.876.697
Total	10.263.928	10.284.578
Less: segment elimination(2)	(7.730.454)	(7.676.215)
Total shareholders' equity per consolidated financial statements	2.929.419	3.000.066
Non-controlling interests	395.945	391.703
Equity attributable to equity holders of the parent company	2.533.474	2.608.363

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 5 - SEGMENT REPORTING (Continued)

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

	1 January - 31 March 2018	1 January - 31 March 2017
<u>Purchases</u>		
Publishing	17.556	8.011
Broadcasting	146.955	105.256
Retail	5.258	2.641
Energy	77.977	53.003
Other	10.657	38.638
Total	258.403	207.549
<u>Depreciation and amortisation</u>		
	1 January - 31 March 2018	1 January - 31 March 2017
Publishing	6.414	10.140
Broadcasting	108.359	91.430
Retail	3.303	2.343
Energy	38.052	25.111
Other ⁽¹⁾	8.258	7.569
Total	164.386	136.593

⁽¹⁾ Depreciation expense related to other segment amounting to TRY 184 has been recognised under inventory account (31 March 2017: TRY 40).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	31 March 2018	31 December 2017
Cash	4.743	9.214
Banks		
- demand deposits	434.618	215.401
- time deposits	1.134.011	1.379.444
Other liquid assets	96.487	104.408
	1.669.859	1.708.467

As of 31 March 2018 the gross effective interest rates of USD, EUR and TRY denominated time deposits are between gross %3,85 and %4,00 (31 December 2017: %1,00 and %4,00), %1,00 and %2,15 (31 December 2017: %0,01 ile %1,85) and %12,38 and %14,80 (31 December 2017: %1,00 and %15,00) respectively and the maturity of the time deposits is shorter than 3 months.

As of 31 March 2018 other liquid assets consist of credit card slip receivables amounting to TRY 96.487 (31 December 2017: TRY 104.408). Blocked deposits are not available (31 December 2017: None).

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

	31 March 2018	31 December 2017	31 March 2017	31 December 2016
Cash and cash equivalents	1.669.859	1.708.467	1.530.276	1.512.163
Accrued interest (-)	(540)	(641)	(621)	(3.286)
Cash and cash equivalents	1.669.319	1.707.826	1.529.655	1.508.877

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

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

	31 March 2018	31 December 2017
Private sector bonds and bills		
Financial assets carried at fair value through other comprehensive income	87.556	70.808
Financial assets at fair value through profit or loss	916	933
Blocked deposits ⁽¹⁾	77	2
	88.549	71.743

⁽¹⁾ As of 31 March 2018 Doğan Holding has blocked bank deposits for other subsidiaries amounting to TRY 77 (31 December 2017: TRY 2).

Private sector bonds and bills are dominated in TRY and USD and their weighted average interest rates are annually 16,28% and 5,36% respectively (31 December 2017: TRY %15,68 and USD %5,36).

b) Long-term financial investments

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

	31 March 2018		31 December 2017	
	TRY	(%)	TRY	(%)
Financial assets carried at fair value through other comprehensive income ⁽¹⁾				
Lexin Nassau L.P. ^{(1) (2)}	100.590	22,15	96.080	22,15
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş. ⁽⁴⁾	-	-	2.700	<1
Other ⁽⁴⁾	-	-	4.098	<1
Financial assets at fair value through profit or loss				
Mediterra Capital Partners I LP	12.273	1,88	10.665	1,88
Sosyo Plus Bilgi Bilişim Teknoloji. Dan.Hiz.Tic.A.Ş.	6.543	3,28	5.191	3,28
Mediterra Capital Partners II LP	4.042	2,23	3.750	2,23
Düş Yeri Bilişim Teknolojileri ve Animasyon A.Ş.	2.653	3,75	2.653	3,75
	126.101		125.137	

⁽¹⁾ The explanations on accounting policy change has been announced in Note 2.1.3.

⁽²⁾ Lexin Nassau L.P. is classified under long term investments of M Investment, a subsidiary of the Group. The investment is accounted for as available-for-sale financial assets and at 31 March 2018 the fair value is recorded at TRY 100.590 (USD 25.473). Group, paid TRY 2.208 (USD 600) for the capital increase of Lexin Nassau L.P. made on 11 April 2017 and participated in its own.

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

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

⁽⁴⁾ The related financial assets details which has been announced in Note 2.1.5 within the scope of share sales and transfer has been classified as held for sale on acquisition.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 7 - FINANCIAL INVESTMENTS (Continued)

b) Long-term financial investments (Continued)

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

	2018	2017
1 January	125.137	76.716
Purchase of available for sale financial assets	-	-
Change in fair value	3.253	1.136
<i>Recognized in equity</i>	-	1.136
<i>Recognized in the statement of income</i>	3.253	-
Currency translation differences	2.992	1.241
Capital increase	300	-
Non-current assets classified as held for sale	(5.581)	-
31 March	126.101	79.093

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowings

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

Short-term borrowings:	31 March 2018	31 December 2017
Short-term bank borrowings	1.341.665	1.491.156
Financing bond ^(*)	135.805	66.916
Factoring borrowings	5.851	-
Finance lease borrowings	72	151
Total	1.483.393	1.558.223
Short-term portions of long-term borrowings:	31 March 2018	31 December 2017
Short-term portions of long-term bank borrowings	325.828	1.059.380
Total	325.828	1.059.380
Long-term borrowings:	31 March 2018	31 December 2017
Long-term bank borrowings	697.087	747.215
Total	697.087	747.215

(*) The Group's subsidiary, Doruk Faktoring, issued and sold "discounted" bonds to qualified investors, without a public offering on 2 February 2018 and 16 March 2018. The nominal value of the bonds issued on 2 February 2018 is amounting to TRY 70.000.000 (exact) with the maturity of 174 days and the interest rate until maturity is 7,75% and 16,25% per annum. The nominal value of bonds issued on 16 March 2018 is amounting to TRY 85.000.000 (exact) with the maturity of 174 days and the interest rate until maturity is 7,75% and 16,25% per annum. The financing bonds that the Group purchased discounted amount including accrued interest TRY 8.050.031 (exact) , were eliminated on consolidation.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

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

	31 March 2018			31 December 2017		
	Interest rate per annum (%)	Original currency	TRY	Interest rate per annum (%)	Original currency	TRY
Short-term bank borrowings:						
TRY denominated bank borrowings	0 - 18,00	1.229.561	1.229.561	4,30 - 19,00	1.209.567	1.209.567
USD denominated bank borrowings	5,90	5.044	19.918	2,48 - 2,97	13.521	50.999
EUR denominated bank borrowings	0 - 3,80	18.940	92.186	0,75 - 3,75	48.956	221.062
Other bank borrowings	-	-	-	12,51 - 12,51	145.500	9.528
Sub total			1.341.665			1.491.156
Short-term financing bills:						
TRY denominated financing bills			135.805			66.916
Sub total			135.805			66.916
Short-term portion of long-term bank borrowings:						
TRY denominated bank borrowings	0 - 17,33	4.936	4.936	5,50 - 17,33	445.856	445.856
USD denominated bank borrowings	3,90 - 6,40	6.287	24.825	3,7 - 5,34	32.304	121.848
EUR denominated bank borrowings	2,00 - 4,67	60.828	296.067	2 - 5,71	108.886	491.676
Sub total			325.828			1.059.380
Total short-term bank borrowings:			1.803.298			2.617.452
Long term bank borrowings:						
TRY denominated bank borrowings	6,80 - 17,15	314.696	314.696	5,5 - 16,5	360.863	360.863
USD denominated bank borrowings	0 - 6,40	5.070	20.021	-	-	-
EUR denominated bank borrowings	0,65 - 4 ,67	74.450	362.370	2,15 - 4,67	79.180	357.539
Other bank borrowings	-	-	-	12,33 - 12,33	440.000	28.813
Total long-term bank borrowings			697.087			747.215

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a) Financial borrowings (Continued)

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

	2018	2017
Cash and cash equivalents (Note 6)	(1.669.319)	(1.707.826)
Short term borrowings	1.809.221	2.617.603
Long term borrowings	697.087	747.215
Other financial liabilities	778.768	666.291
	1.615.757	2.323.283

	Short and long term borrowings	Cash and cash equivalents	Net financial liability
Balances as of 1 January 2018	4.031.109	(1.707.826)	2.323.283
Cash flow effect	175.724	(154.988)	20.736
Effect of acquisition of subsidiary	20.032	735	20.767
Foreign currency adjustments	107.578	-	107.578
Interest accrual, net	51.727	101	51.828
Liabilities classified as held for sale	(1.101.094)	192.659	(908.435)
Balances as of 31 March 2018	3.285.076	(1.669.319)	1.615.757

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a.) Financial borrowings (Continued)

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

	31 March 2018	31 December 2017
2018	50.442	61.851
2019	136.325	459.607
2020	248.689	134.179
2021 and after	261.631	91.578
	697.087	747.215

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

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

Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through financial leasing agreements. As of 31 March 2018, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TRY 72 (31 December 2017: TRY 151).

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

	31 March 2018	31 December 2017
Financial borrowings with fixed interest rates (Note 34)	2.265.654	2.798.258
Financial borrowings with floating interest rates (Note 34)	240.654	566.560
Total	2.506.308	3.364.818

b) Other financial liabilities

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

Other short term financial liabilities:	31 March 2018	31 December 2017
Financial liabilities due to call and put options (Note 17)	778.768	-
	778.768	-

Other long term financial liabilities:	31 March 2018	31 December 2017
Financial liabilities due to call and put options (Note 17)	-	666.291
	-	666.291

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

<u>Short-term trade receivables from non- related parties</u>	31 March 2018	31 December 2017
Trade receivables	1.750.763	2.197.200
Notes and cheques receivable	263.330	278.457
Income accruals	6.299	15.639
Total	2.020.392	2.491.296
Less: Unearned financial income due to sales with maturity	(9.257)	(9.507)
Less: Provision for doubtful receivables (-)	(60.439)	(257.243)
Total	1.950.696	2.224.546

The average maturity of not overdue trade receivables of the Group that are followed by Doruk Faktoring is between 72 to 103 days as of the statement of financial position date (31 December 2017: 72 - 104 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is 16,18% (31 December 2017: 15,38%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

<u>Long-term trade receivables</u>	31 March 2018	31 December 2017
Notes and cheques receivable ⁽¹⁾	52.624	30.380
Unearned financial income due to sales with maturity	(10.802)	(8.597)
	41.822	21.783

⁽¹⁾ There is TRY 30.092 (31 December 2017: TRY 30.120) from fuel sales in receivable notes, a gross amount of TRY 22.532 (31 December 2017: TRY 260) from other activities in long term receivable notes, a discounted long term receivable note of TRY 19.290 (31 December 2017: TRY 21.604), and TRY 22.532 (31 December 2017: TRY 179) from other activities.

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

	2018	2017
1 January	(257.243)	(273.204)
Opening effect of TFRS 9 (Note 2)	(4.708)	-
Reported	(261.951)	(273.204)
Provision booked in the current period (Note 27)	(3.944)	(10.848)
Provision related to discontinued operations	(10.335)	(12.737)
Expected credit loss	(42)	-
Written off trade receivables ⁽¹⁾	8.499	75
Currency translation differences	-	(325)
Collections and reversal of provisions	-	6.623
Non-current assets classified as held for sale	207.334	-
31 March	(60.439)	(290.416)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Guarantees for trade receivables

As of 31 March 2018, although trade receivables amounting to TRY 104.030 (31 December 2017: TRY 281.744), were overdue, they were not assessed as doubtful receivable (Note 34). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

As of 31 March 2018, the Group has collateral, pledge, mortgage and surety amounting to TRY 517.233 (31 December 2017: TRY 533.623) for trade receivables amounting to TRY 1.992.518 (31 December 2017: TRY 2.246.329) from non-related parties (Note 34).

The guarantees received consist of bank guarantee letter amounting to TRY 417.463 (31 December 2017: TRY 373.069), bails and mortgages amounting to TRY 34.343 (31 December 2017: TRY 65.126), cheques and notes amounting to TRY 20.685 (31 December 2017: TRY 62.265), receivable insurance amounting to TRY 44.742 (31 December 2017: TRY 32.284) and vehicle pledge none (31 December 2017: TRY 879). Among these guarantees, bank guarantee letter amounting to TRY 15.726, bails and mortgages amounting to TRY 23.233, receivable insurance amounting to TRY 5.820, were received for overdue but not impaired receivables. There is no notes to this period. (31 December 2017: bank guarantee letter amounting to TRY 37.389, bails and mortgages amounting to TRY 20.623, receivable insurance amounting to TRY 6.242, were received for overdue but not impaired receivables) (Note 34).

Short-term trade payables to non-related parties

	31 March 2018	31 December 2017
Trade payables	1.107.811	1.196.669
Provision for liabilities and expenses	16.315	68.999
Other payables	1.849	20.778
<u>Less: unearned finance expense due to purchases with maturity</u>	<u>(5.781)</u>	<u>(8.288)</u>
Total	1.120.194	1.278.158

The average maturity of trade payables is between 37 to 153 days as of 31 March 2018 (31 December 2017: 36 to 113 days). The maturity of the trade payables of the Group varies and the effective interest rate applied for trade payables is 16,18% (31 December 2017: 15,38%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from non-related parties	31 March 2018	31 December 2017
Notes receivables ⁽¹⁾	15.850	13.412
TEİAŞ power transmission line receivables ⁽²⁾	6.347	7.259
Deposits and guarantees given	2.155	3.578
Receivables from the sale of investment property	-	2.523
Other miscellaneous receivables ⁽³⁾	11.125	1.998
Total	35.477	28.770

Other long-term receivables from non-related parties	31 March 2018	31 December 2017
Notes receivables ⁽¹⁾	15.991	16.031
Deposits and guarantees given	309	3.401
Receivables from sale of investment property	673	122
Total	16.973	19.554

(1) Comprises of the receivables from the sale of property, plant and equipment of Neta. Receivables with a maturity of 47 months will be collected until 5 August 2020. TRY 14.997 (31 December 2017: TRY 15.813) of long-term notes receivables comprise of the receivables from the sale of property, plant and equipment of Neta.

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

(3) The amount comprises of the receivables arising from non-commercial activities of the subsidiaries.

Other short term payables	31 March 2018	31 December 2017
Taxes and funds payable	123.176	120.597
Tax base increase payables	1.998	2.913
Deposits and guarantees received	25	1.622
Other short term payables ⁽¹⁾	16.067	23.823
Total	141.266	148.955

Other long term payables	31 March 2018	31 December 2017
Deposits and guarantees received	112	12.778
Tax base increase payables	1.428	932
Other long term payables ⁽¹⁾	20	-
Total	1.560	13.710

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 11 - INVENTORIES

	31 March 2018	31 December 2017
Finished goods and merchandise	581.803	444.973
Raw materials and supplies	134.220	122.700
Semi-finished goods	11.517	10.376
Other inventories	1.947	29.861
	729.487	607.910
Provision for impairment of inventory (-)	(1.772)	(5.948)
Total	727.715	601.962

Depreciation and amortization expenses amounting to TRY 184 have been included in cost of inventories as of 31 March 2018 (31 December 2017: TRY 138).

The movement of the provision for impairment of inventories for the interim periods ended 31 March 2018 and 31 December 2017 are as follows:

	2018	2017
1 January	(5.948)	(11.158)
Reversal of provision for impairment of inventories	25	1.595
Provision booked in the current period (Note 27)	(123)	(253)
Non-current assets classified as held for sale	4.274	-
31 March	(1.772)	(9.816)

NOTE 12 - BIOLOGICAL ASSETS

As of 31 March 2018, the amount of biological assets of the Group's subsidiary Kelkit Doğan Besi is TRY 8.197 (31 December 2017: None).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 13 - INVESTMENT PROPERTIES

The movements of investment properties for the interim periods ended 31 March 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Currency translation differences	Adjustment for fair value ⁽¹⁾	Transfer to non- current assets classifying as sales	31 March 2018
Land	411.250	-	-	-	-	(137.054)	274.196
Buildings	153.697	10.138	(10.091)	6.740	(1.452)	(54.439)	104.593
Net book value	564.947	10.138	(10.091)	6.740	(1.452)	(191.493)	378.789

	1 January 2017	Additions	Disposals	Currency translation differences	Adjustment for fair value ⁽¹⁾	Transfer to non- current assets classifying as sales	31 March 2017
Land	476.846	26.789	-	-	(11.765)	-	491.870
Buildings	93.024	6.010	(11.227)	3.563	(844)	-	90.526
Net book value	569.870	32.799	(11.227)	3.563	(12.609)	-	582.396

(1) Group obtained fair value report of the investment properties considering the effect of currency appreciation on the land and residential unit prices, and other factors and recognized TRY 1.452 fair value adjustment. (31 March 2017: TRY 12.609).

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 13 - INVESTMENT PROPERTIES (Continued)

As of 31 March 2018, the investment properties of the Group comprise of parts of buildings held to earn rentals, lands and properties acquired within the context of barter agreements.

Level reclassification of financial assets and liabilities measured at fair value

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

Some of the financial assets and financial liabilities of the Group are reflected at their fair values to the financial statements at every statement of financial position date. According to the accounting policies stated in Note 2.2, The Group's investment properties were valued as of 31 December 2017. The following table gives information on how to determine the fair values of the related financial asset and liabilities:

			Fair value level as of the reporting date		
Financial Assets / Financial Liabilities	Fair Value		1. Level	2. Level	3. Level
	31 March 2018	31 December 2017			
Investment properties	378.789	564.947		378.789	

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the interim periods ended 31 March 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Transfers	Acquisiton of subsidiary (*)	Currency translation differences	Transfer to non- current assets classified as sales	31 March 2018
Cost:								
Land and land improvements	201.879	37	-	98	130	1.619	(31.753)	172.010
Buildings	126.411	63	-	85	-	1.140	(72.094)	55.605
Machinery and equipment	1.430.139	3.342	(2.290)	55.110	28.220	1.941	(750.281)	766.181
Motor vehicles	144.403	2.431	(9.685)	-	-	161	(9.014)	128.296
Furniture and fixtures	507.106	11.388	(2.791)	1.553	5.900	293	(379.107)	144.342
Development costs of leased tangible assets	141.537	2.290	(14)	-	-	385	(70.267)	73.931
Other tangible assets	164.081	7.614	(1.000)	378	-	238	(1.004)	170.307
Construction in progress	116.389	12.066	(7.044)	(57.557)	-	5	(36.620)	27.239
	2.831.945	39.231	(22.824)	(333)	34.250	5.782	(1.350.140)	1.537.911
Accumulated depreciation:								
Land and land improvements	4.974	125	-	-	-	-	(405)	4.694
Buildings	62.432	1.270	-	399	-	-	(8.496)	55.605
Machinery and equipment	941.701	14.723	(2.211)	-	3.422	9.259	(696.488)	270.406
Motor vehicles	39.439	3.606	(5.149)	-	-	129	(4.302)	33.723
Furniture and fixtures	315.642	10.897	(1.919)	-	768	259	(246.366)	79.281
Development costs of leased tangible assets	84.305	3.583	(7)	-	-	229	(60.235)	27.875
Other tangible assets	64.014	4.495	(551)	-	-	139	-	68.097
	1.512.507	38.699	(9.837)	399	4.190	10.015	(1.016.292)	539.681
Net book value	1.319.438							998.230

(*) Explained in Note 3.

As of 31 March 2018, there is a mortgage amounting to TRY 22.578 on property, plant and equipment and the related amount is related to assets classified as sales purpose (31 December 2017: TRY 22.578). As of 31 March 2018, the Group has tangible assets acquired through financial leasing amounting to TRY 2.789, which relates to non-current assets classified as sales purpose (31 December 2017: TRY 2.789).

As of 31 March 2018, total depreciation expenses amounting to TRY 38.699 (31 March 2017: TRY 34.699) corresponding tangible assets amounting to TRY 125.871 (31 March 2017: TRY 101.934) and intangible assets amounting to TRY 164.570 (31 March 2017: TRY 136.633) are allocated by TRY 38.485 (31 March 2017: TRY 33.872) to cost of sales (Note 24), TRY 24.218 (31 March 2017: TRY 18.395) to marketing expenses and TRY 3.650 (31 March 2017: TRY 2.510) to general administrative expenses (Note 25), TRY 87.614 (31 March 2017: TRY 81.816) to discontinued operations and TRY 184 (31 March 2017: TRY 40) of amortization expenses are recognised in inventories. In addition, amortization of dealer contract amounting to TRY 10.419 has been accounted for by deducting from sales (31 March 2017: None).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 15 - INTANGIBLE ASSETS

Other intangible assets:

Movements of the intangible assets for the interim periods ended 31 March 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Currency translation differences	Transfer	Transfer to non-current assests classified as sales	31 March 2018
Cost							
Customer list	260.234	-	-	8.110	-	(268.344)	-
Trade names	7.876	-	-	-	-	-	7.876
Trade names related to Media segment	44.156	-	-	986	-	(45.142)	-
Electricity production license	354.644	-	-	-	-	-	354.644
Other	625.180	16.907	(12.269)	2.898	333	(429.784)	203.265
	1.292.090	16.907	(12.269)	11.994	333	(743.270)	565.785
Accumulated amortization:							
Customer list	260.234	-	-	8.110	-	(268.344)	-
Trade names	4.331	394	-	-	-	-	4.725
Trade names related to Media segment	38.832	4	-	747	-	(39.583)	-
Electricity production license	29.741	1.912	-	-	-	-	31.653
Other	472.350	11.590	(9.048)	2.638	-	(353.773)	123.757
	805.488	13.900	(9.048)	11.495	-	(661.700)	160.135
Dealer agreements	235.117						279.967
Television programme rights	225.877						31.147
	947.596						716.764

Movement of television programme rights and dealer agreements for the interim period ended 31 March 2018 is as follows:

	1 January 2018	Additions	Depreciation ⁽¹⁾	Currency translation differences	Transfer to non-current assests classified as sales	31 March 2018
Dealer agreements	235.117	65.914	(21.065)	-	-	279.967
Television programme rights	225.877	126.214	(90.906)	1.383	(231.421)	31.147

- (1) TRY 90.906 (31 March 2017: TRY 75.982) of TRY 23.689 (31 March 2017: TRY 20.064) of total program rights amortization is recognized under the cost of sales and the remaining amount TRY 67.217 (31 March 2017: TRY 55.918) accounted in discontinued operations.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

Goodwill

As of 31 March 2018, TRY 403.713 of TRY 368.453 goodwill was classified as assets held for sales purposes, and the consolidated financial statement included goodwill TRY 35.260 (31 December 2017: TRY 403.713).

NOTE 16 - GOVERNMENT GRANTS

Ditaş, a subsidiary of the Group, benefits from the insurance premium incentive, regional incentive (Law no: 56486), incentive of the social security institution and minimum wage (Law no: 56645) under the scope of Social Security and General Health Insurance Law (Law no: 5510). In this context, the incentive of the insurance premium amounting to TRY 115 (31 December 2017: TRY 372) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 March 2018.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	31 March 2018	31 December 2017
Provision for lawsuits and indemnity	5.852	29.001
Other	2.367	7.723
	8.219	36.724

Movement of lawsuit provisions for the interim periods ended 31 March 2018 and 2017 is as follows:

	2018	2017
1 January	29.001	36.459
Additions in the current period (Note 27)(*)	2.998	7.769
Currency translation differences	-	4
Payments of provisions	-	(5.337)
Transfer related to liabilities non-current assets classified as held for sale	(25.109)	-
Reversal of provisions booked in prior periods	(1.038)	(5.821)
31 March	5.852	33.074

(*) TRY 7,744 of additional amounts for 1 January-31 March 2017 period consists of discontinued operations.

The Group reserved provisions of TRY 5,852 considering the legal opinions on ongoing lawsuits and similar lawsuits finalized in the past, which were brought against it and the details of which are given below (31 March 2017: TRY 33,074). Civil lawsuits generally consist of material and moral indemnity cases brought against energy companies.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

(a) *Lawsuits*

The amount of lawsuits filed against the Group is TRY 34.969 as of 31 March 2018 (31 December 2017: TRY 82.044).

	31 March 2018	31 December 2017
Legal cases	16.506	55.054
Commercial cases	15.985	16.336
Business cases	1.914	10.066
Other	564	588
Total	34.969	82.044

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

Amendment of the Share Purchase and the Shareholder Agreements

According to the details disclosed to public periodically in the consolidated financial statements and footnotes prepared as of 31 December 2017 and published on 8 March 2018, as it was disclosed to public periodically in our financial statement footnotes; per the Agreements between the parties, "in case an initial public offering was not made for the DTV shares of the Axel Springer Group ("Axel Shares") until June 30, 2017, in addition to re-adjusting the price, and a payment accordingly, the Axel Springer Group had a "put option" for all or a part of the Axel Shares to Doğan Holding, and Doğan Holding had a "commitment to buy" (DTV Put Option II). With the Agreement amended on 2 October 2014, unconditional "put option" was given to Axel Springer Group. Regarding Doğan Holding's unconditional "commitment to purchase," the remaining liability, which was recorded as long-term "other financial liability" of TRY 666.291 in total based on the discounted value of cash outflows to be realized in the future in the consolidated financial statements as of 31 December 2017, was recorded as short-term "other financial liability" of TRY 778.768 as of 31 March 2018, due to the amendment of the payment schedule for the "commitment to purchase," as disclosed to the public with a special circumstances disclosure on 06 April 2018. Considering the amended due date and materiality level of the financial liability, the effect of discount was not recognized. During the period, the accumulated discount effect amounting to TRY 60.567 has been withdrawn and exchange rate difference amounting to TRY 51.910 has been recognized (Note 28).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

(c) Other

Milpa:

The Land of Ömerli

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa"), a subsidiary of the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at Istanbul Province, Pendik District, Kurtdoğan Village with an area of m² 2.238.207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 4 January 2018 prepared by the Real Estate Appraisal Company on the list of CMB. Because of the qualifications of farm land due to the legal uncertainties stated below, Ömerli land hasn't been recognised under normal business operations of Milpa (project development, construction and sale etc.), and has been recognised as "investment properties" in accordance with TAS 40 ("Investment Properties"), in the context of Paragraph 8/(b).

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

According to the İstanbul Environmental Recreation Plan, scale of 1/100.000 and dated 15 June 2009, a significant part of the land of which parcel no is 1154, is located partially within the borders of "Habitat Park Area". The report on the Basin Location Information of the Istanbul Water Supply and Sanitation Administrative General Directory dated as 6 December 2017 states that 2.586 m² of parcel no 1154 and 142.012 m² of parcel no 1155 are parts of the Forest Area. The related parcels are located in both the medium range(1000 m. - 2000 m.) protected area and the long range (2000 m. - 5000 m.) protected area of Ömerli Reservoir Basin.

144.266 m² of the land parcel no: 1155 has been removed from the forest area with the court decision in year 2005. To this The Forestry Directorate appealed the decision at the Supreme Court of law No:20 and the objection was accepted on 24 June 2008 and these decisions (removal from forest area) are sent to the Pendik First Civil Court for re-evaluation. The Court has reiterated its initial decision being right on 8 October 2009 in terms of content. The General Directorate of Forestry appealed the Court's decision again and the related file was re-sent to the Supreme Court of law No: 20. The related office has resent the file to Pendik First Civil Court by disrupting the court decision The Court for which the lawsuit is held, has been divided into two and the lawsuit has been heard at 29th. Civil Court. The aforementioned court has decided to cancel the land register of the aforementioned 144.266 m² and parcel No: 1155 of land belonging to Milpa and registered the land as forest title in the name of the treasury at 23 December 2014. In accordance with the decision for parcel No:1155 being registered as forestry land, it has been excluded from the financial statements as at 31 December 2014. Following the notification of the decision no 2013/320 at 9 January 2015, appeal to a superior court on 13 February 2015 has been made, Aforementioned appeal has not been accepted and the Company has been notified that Supreme Court No: 20 upheld the decision of 29th. Civil Court on 13 July 2017. On 20 July 2017, compensation lawsuit was opened due to civil wrong. There has been no significant situation to be disclosed to the public at court as of 27 February 2018.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

(c) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area and Milpa appealed to this plan within the legal deadline. As of the date of the preparation of these financial statements, no response was received regarding the change in land development plan and the appeal to this change regarding the land in Pendik, Kurtdoğan Village. It is also known that there have been objections to the relevant construction plan from third parties as well. After the appeals to the development plan, no information has been received from the relevant authorities regarding the evaluations by Milpa. During the 8 years, no lower scale plans have been made and the zoning status of the land has not been identified yet. Construction and expropriation works for North Marmara Highway Project are continuing close to the land in Ömerli, and it was stated in the letter dated 8 December 2017 by General Directorate of Highways that the related parcels remain outside the expropriation area, and are not subject to any expropriation works. Since the planning process is conducted by multiple government agencies, only monitoring of the processes is performed. Based on the appeal from the real estate appraisal company, letter communicated from Istanbul Metropolitan Municipality dated 30 November 2016, development plan proposal and report of a part of Yenışehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including Pendik district Kurtdoğan neighborhood 1154 and 1155 parcels and Ballica, Emirli, Kurna and Kurtdoğan neighborhoods were referred to Istanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations, and also is has been learnt that the mentioned plan has been scaled on 6 December 2017. When the mentioned "Master Development Plan" is analyzed, it is seen that 30% of the land in Ömerli is allocated as "Municipal Service Area," and a large part of the remaining land is defined in the legend as "Sustainable Protection and Controlled Use Area," and a relatively smaller part as "Areas Requiring Special Measures Geologically." It is understood from the mentioned "Master Development Plan" that the part allocated as the sub-function of "Sustainable Protection and Controlled Use Area" legend was planned to be 23% "Arboretum," 25% "Recreational Area," 10% "Area to Be Protected through Forestation," 2% "Fairground," 5% "Hobby Gardens," and 5% "Camping Areas," and permission for maximum 1-floor prefabricated structuring with an average rate of 0.04 was granted for these areas. On the grounds that the legends and functions specified in the "Master Development Plan" include contradictions to law as well as planning and urban development procedures and principles, and that they violate the right of ownership, and with the request that "housing zone" legend is also accepted for the mentioned "Immovable," necessary legal and formal objections to the "Master Development Plan" were raised on 2 January 2018 within the allowed period.

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

The updated revaluation reports are obtained from CMB licensed real estate companies every year for the "investment properties" of Milpa that comprises of TRY 180.655 (31 December 2017: TRY 180.655) of Ömerli Land.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

(c) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

143.068 m² part that corresponds to 164/2400 share of parcel no: 1154 of Ömerli Land has been purchased from the landowners for a cash consideration of a total of USD 7.154 (TRY equivalent 23.609) in accordance with the "assignment agreement" made in exchange for the waiving from all legal claims against Milpa and all rights arising from the building construction shared floor/revenue in return arrangement form land share for the period ending on 31 December 2017. With this purchase, Milpa's share of the land is 1.720.521 m² and 82.17%. As a result of purchase made by Milpa which is 143.068 m² a decrease in value amounting to TRY 11.765 is accounted in profit or loss table.

As per the information above, we have assessed Parcel No. 1154's fair value determined as TRY 219.864 (without VAT) based on the Valuation Report dated 4 January 2018 of a real estate company, considering the reasons laid out in the landscape plan announced on 17 July 2009 with a scale of 1/100,000, such as the land being allocated as "habitat" and "recreational" areas, the parcel's topography being very steep and bumpy, the parcel being outside the central settlement areas but there being no other parcel of the same size in the region where the land is located, the land being located close to the TEM highway, the implementation of the urban development plan with a scale of 1/5000 for the region where the land is located having started although the announcement and objection stages of the master building plan are incomplete, should the said plan be completed the function and construction rights of Ömerli Land will gain certainty only with plans having a scale of 1/1000, and the Northern Marmara motorway route having become clear and the Yavuz Sultan Selim Bridge (3rd bridge) which is connected to the motorway having started to provide service. On the other hand, this amount is the evaluation for the whole of the land Parcel No 1154. The share of Milpa in the Parcel No 1154 is 1.720.521 m² and 82,17 % and the amount is TRY 180.655 as of 31 December 2017. (As of 31 December 2017, the share of the Company is 1.720.521 m² and 82,17% and the share amount of Milpa is TRY 180.655). As mentioned above, lawsuit decision regarding the record decision on the Forest Land for parcel no: 1155 was approved by Court of Appeals for the 20th circuit. There is no fair value determined for the parcel no 1155 which was priorly derecognized from the statements of financial position through full amount of provision as of 31 December 2014. For Ömerli Land, security expenses amounting to TRY 111 has been recognised under operational expenses (31 March 2017: TRY 98) (Note 27). Additionally, no rental income has been recognised from the related property (31 March 2017: None).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 18 - COMMITMENTS

(a) Letters of guarantees and guarantee notes given

	31 March 2018					31 December 2017				
	TRY Equivalent	TRY	USD	EUR	Other	TRY Equivalent	TRY	USD	EUR	Other
A. CPM's given in the name of its own legal personality										
Collaterals ⁽¹⁾	1.562.264	510.385	47.288	177.746		1.601.434	596.210	53.550	177.885	-
Pledge ⁽³⁾	-	-	-	-	-	-	-	-	-	-
Mortgage ⁽⁴⁾	-	-	-	-	-	22.578	-	-	5.000	-
B. CPM's given on behalf of the fully consolidated companies										
Collaterals ⁽¹⁾⁽²⁾	178.198	40.851	34.781		860.000	228.000	40.851	34.781	-	860.000
Pledge ⁽³⁾	-	-	-	-	-	-	-	-	-	-
Mortgage ⁽⁴⁾	422.341	164	106.910	-	-	415.940	3.256	109.410	-	-
C. CPM's given on behalf of 3rd parties for ordinary course of business	23.366	23.366	-	-	-	25.107	25.107	-	-	-
D. Total amount of other CPM's given										
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total	2.186.169					2.293.059				

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

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018**

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

NOTE 18 - COMMITMENTS (Continued)**(a) Letters of guarantees and guarantee notes given (continued)**

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

	31 March 2018		31 December 2017	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Letters of guarantees - EUR	176.104	857.151	176.273	795.962
Letters of guarantees - TRY	573.648	573.648	661.157	661.157
Letters of guarantees - USD	81.164	320.509	87.482	329.974
Letters of guarantees - Other	-	-	860.000	55.960
Guarantee notes - USD	905	3.574	849	3.204
Guarantee notes - TRY	954	954	1.006	1.006
Guarantee notes - EUR	1.642	7.992	1.612	7.278
Total		1.763.828		1.854.541

(b) Guarantees and mortgages given

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

	31 March 2018		31 December 2017	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Bails - USD	106.910	422.177	109.410	412.684
Bails - EUR	-	-	-	-
Bails - TRY	164	164	3.256	3.256
Mortgages - EUR	-	-	5.000	22.578
Total		422.341		438.518

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 19 - OTHER ASSETS

Other current assets	31 March 2018	31 December 2017
Value added tax ("VAT") receivables	49.297	77.200
Programme stocks	-	27.810
Prepaid tax and funds	5.979	12.621
Personnel advances	1.780	5.998
Job advances	877	1.381
Other	1.698	3.067
	59.631	128.077
Provision for impairment on programme stocks (-)	-	(6.496)
Provision for other doubtful receivables (-)	(421)	(421)
	59.210	121.160
	31 March 2018	31 December 2017
Other non current assets		
Value added tax ("VAT") receivables	362.908	531.725
Other	330	1.550
	363.238	533.275

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

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

Short term prepaid expenses	31 March 2018	31 December 2017
Advances given ⁽¹⁾	70.682	86.643
Prepaid expenses ⁽²⁾	22.955	30.537
	93.637	117.180

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	31 March 2018	31 December 2017
Advances given and prepayments ^{(3) (4)}	8.430	36.176
Prepaid expenses for future years	3.532	3.164
	11.962	39.340

(3) Advances given and prepayments amounting to TRY 6.624 (31 December 2017: TRY 8.718) comprise of advances given to purchasing board of solar energy system, by Galata Wind, one of the subsidiaries of Group.

(4) Advances given and prepayments amounting to TRY 1.806 consists of between the Doğan Holding and Group's other subsidiaries (31 December 2017: TRY 10.979).

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

Short-term deferred income	31 March 2018	31 December 2017
Deferred income ⁽¹⁾	46.529	75.394
Advances received ⁽²⁾	253.047	16.932
	299.576	92.326

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

(2) Significant amount of advances received consist of advances received related to sell of subsidiaries.

Long-term deferred income	31 March 2018	31 December 2017
Deferred income ⁽¹⁾	8.510	5.626
	8.510	5.626

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 21 - DERIVATIVE INSTRUMENTS

Currency derivative transactions

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

	31 March 2018		31 December 2017	
	Asset	Liability	Asset	Liability
Currency derivative transactions with maturity	14	-	83	1.098
Total	14	-	83	1.098

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

(a) Payables regarding benefits provided to employees

The details of payables regarding benefits provided to employees as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Social security payables	10.636	21.954
Payables to personnel	5.030	14.353
	15.666	36.307

(b) Short term provision regarding employment benefits

The details of short term provision regarding employment benefits as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Provision for unused vacation	17.517	56.479
Personnel premium provision	385	266
	17.902	56.745

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) *Long term provision regarding employment benefits*

Details of long term provision regarding employment benefits as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Provision for employment termination benefits	33.603	122.556
	33.603	122.556

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

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 March 2018, the maximum amount payable equivalent to one month of salary is TRY 5.001,76 (31 December 2017: TRY 4.732,48 for each year of service. The retirement pay provision ceiling TRY 5.001,76 which is effective from 1 January 2018, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2017: TRY 5.001,76 effective from 1 January 2018).

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provision regarding employment benefits (Continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2018, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Discount rate applied as %11,50 ⁽¹⁾ (31 December 2017: %11,50), inflation rate applied as %7,00 (31 December 2017: %7,00) and increase in wages applied as %7,00 (31 December 2017: %7,00) in the calculation.

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

- (1) Discount rate used for calculating the severance payment liability is determined as the 10 years of Government Bond compound interest of % 11,50.
- (2) The upper band inflation rate of the inflation report of Central Bank of the Republic of Turkey as of the year 2018 has been used in calculating the liability for severance payment.

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

	2018	2017
1 January	122.556	119.120
Current period service cost and net interest expense from continued operations	5.442	5.219
Payments during the period due to continued operations	(7.131)	(630)
Provisions for discontinued operations	(87.264)	-
Retirement benefit provision for severance pay	-	(3.665)
31 March	33.603	120.044

Total costs other than actuarial loss related to severance pay are included in the consolidated statement of profit or loss table as of 31 March 2018. There are no actuarial gains / losses for the period ended as of 31 March 2018 (31 December 2017: None).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 23 – EQUITY

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

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

	31 March 2018	31 December 2017
Registered authorized capital ceiling	4.000.000	4.000.000
Issued capital	2.616.938	2.616.938

There are no privileged shares of Doğan Holding.

The ultimate shareholders of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity as of 31 March 2018 and 31 December 2017 are as follows:

Shareholder	Share (%)	31 March 2018	Share (%)	31 December 2017
Adilbey Holding A.Ş.	49,32	1.290.679	49,32	1.290.679
Doğan Family	14,41	377.126	14,41	377.126
Publicly traded on Borsa İstanbul ⁽¹⁾	36,27	949.133	36,27	949.133
Issued capital	100,00	2.616.938	100,00	2.616.938
Adjustment to issued capital		143.526		143.526
Repurchased shares (-)		(2.080)		(2.080)
Total		2.758.384		2.758.384

⁽¹⁾ In accordance with the "CMB" Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 36,24% of the shares (31 December 2017: 35,95%) are outstanding as of 31 March 2018 based on the Central Registry Agency's ("CRA") records.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 23 - EQUITY (Continued)

Repurchased shares

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

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

Share premiums (discounts)

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

	31 March 2018	31 December 2017
Share premiums	163.724	163.724
Share discounts (-)	(128.565)	(128.565)
Total	35.159	35.159

Restricted reserves

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

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

The details of restricted reserves as of 31 March 2018 and 31 December 2017 are as follows:

Restricted reserves	31 March 2018	31 December 2017
General legal reserves	189.620	187.342
Gain on sale of subsidiary's shares	4.511	67.979
Venture capital investment fund	57.106	57.106
Total	251.237	312.427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 23 - EQUITY (Continued)

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

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

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

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. Accordingly, fair value increase at the initial transfer amounting to 34.820 (31 December 2017: TRY 34.820) is recognised as revaluation reserve under shareholders equity.

ii. Actuarial gains (losses) in defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. Group recognised all actuarial gains and losses in other comprehensive income. Actuarial loss recognised under equity in the financial position table amounts to TRY 41.613 (31 December 2017: TRY 41.613).

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

i. Revaluation and reclassification gains(losses)

Financial assets revaluation reserves are calculated by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation gains of assets held for sale presented under equity in the statement of financial position is TRY 33.324 in the current period (31 December 2017: TRY 32.196 gain).

ii. Gain/(losses) from cash flow hedge reserve

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss. The Group recognized a gain in cash flow hedge reserve amounting to TRY 1.115 (31 December 2017: TRY 665 loss) under equity in the consolidated financial statements as of 31 March 2018.

iii. Currency translation differences

Currency translation differences consist of currency translation differences of the Group's subsidiaries and joint ventures financial statements located out of Turkey using a measurement currency other than TRY and classified under equity. The change in the currency translation difference reserve attributable to parent is TRY 39.162 and TRY 116 is attributable to non-controlling interest (31 December 2017: TRY 73.311 is attributable to parent and TRY 6.864 TRY is attributable to non-controlling interest).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 23 - EQUITY (Continued)

Capital Reserves and Retained Earnings

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

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

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

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

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

Dividend Distribution

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

On the other hand,

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 23 - EQUITY (Continued)

Dividend Distribution (Continued)

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

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

- Under the legislation of “Communique on Financial Reporting in Capital Markets” (II-14.1) of CMB , according to the audited consolidated financial statements for the period 1 January - 31 December 2017 that are prepared in accordance with the Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight, Accounting and Auditing Standards Board for which the presentation principles have been determined as per the relevant resolutions of the CMB; when “Deferred Tax Income”, “Tax Expense for the Period”, “Discontinued Operations Period Loss” and “Non-controlling Interests” are taken into consideration together, “Net Loss for the Period” amounting to Turkish Lira 471.545.000 has been observed, and after “Accumulated Losses” amounting to Turkish Lira 122.945.957,65 which has been calculated based on the Dividend Guide announced at 27 January 2014 and numbered 2014/2 in CMB Weekly Announcement and “Donation” amounting to Turkish Lira 2.279.168,25 in 2017 have been added to this amount, Turkish Lira 594.677.523,81 of “Net Loss for the Period” has been calculated and no dividend distribution has been made for the period 1 January - 31 December 2017 within the CMB regulations on profit distribution,
- In the financial records for the period 1 January 2017 - 31 December 2017 under the tax legislation and held by the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, “Net Profit for the Period” amounting to Turkish Lira 49.314.688,18 has been observed; but “Tax Expense for the Period” did not occur, out of the remaining Turkish Lira 49.314.688,18 “General Legal Reserve Funds” of Turkish Lira 2.465.734,41 has been reserved, and the remaining part of Turkish Lira 46.848.953,77 will be transferred to the account of “Extraordinary Reserves”,
- In the financial records prepared in accordance with the Tax Legislation, and the Uniform Accounting Plan published by the Republic of Turkey Ministry of Finance, the “Sales Profit Participation Share” (DMK) of Turkish Lira 67.978.860,95 accounted under “Special Funds” as the 5-year period specified in accordance with the Tax Legislation has been completed accounted under “Extraordinary Reserves”,

and accordingly, the suggestion of not distributing profit for the accounting period of 1 January-31 December 2017 was submitted for the General Assembly’s approval and accepted by majority of votes.

The CMB’s requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution. As of the statement of financial position date, the Company’s gross amount of resources that may be subject to the profit distribution based on the statutory records, excluding share premiums / discounts, amounts to TRY 3.876.267 (31 December 2017: TRY 3.776.355).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 24 - REVENUE AND COST OF SALES

	1 January - 31 March 2018	1 January - 31 March 2017
Domestic sales	2.273.667	1.534.041
Foreign sales	66.724	42.378
Sales return and discounts (-)	(44.271)	(18.919)
Net sales	2.296.120	1.557.500
Cost of sales (-)	(2.023.625)	(1.362.788)
Gross profit	272.495	194.712

Sales details of retail industrial segment are presented below:

	1 January - 31 March 2018	1 January - 31 March 2017
Retail income	224.583	184.585
Total	224.583	184.585

Sales details of energy industrial segment are presented below:

	1 January - 31 March 2018	1 January - 31 March 2017
Fuel and LPG sales income	1.496.270	950.290
Energy income	221.919	222.553
Total	1.718.189	1.172.843

Sales details of other industrial segment are presented below:

	1 January - 31 March 2018	1 January - 31 March 2017
Industrial income	104.115	65.791
External trade income	60.485	28.086
Vehicle sales income	55.793	36.184
Factoring and financing income	51.123	12.489
Advertisement income	51.419	33.587
Tourism income	8.348	11.932
Other	22.065	12.003
Total	353.348	200.072

Cost of Sales details per divisions are presented below:

	1 January - 31 March 2018	1 January - 31 March 2017
Energy	(1.639.746)	(1.093.593)
Retail	(134.193)	(113.099)
Other	(249.686)	(156.096)
Total	(2.023.625)	(1.362.788)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 24 - REVENUE AND COST OF SALES (Continued)

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

	1 January - 31 March 2018	1 January - 31 March 2017
Cost of trade goods sold	(134.193)	(113.099)
Total	(134.193)	(113.099)

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

	1 January - 31 March 2018	1 January - 31 March 2017
Fuel oil and LPG sales expenses	(1.433.185)	(883.382)
Electricity expenses	(183.184)	(193.388)
Amortization expenses (Note 14,15)	(8.525)	(6.044)
Personnel expenses	(904)	(448)
Other	(13.948)	(10.331)
Total	(1.639.746)	(1.093.593)

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

	1 January - 31 March 2018	1 January - 31 March 2017
Cost of trade goods sold	(104.032)	(54.772)
Raw material cost	(59.393)	(35.402)
General production expenses	(47.563)	(31.122)
Labour and personnel expenses	(24.809)	(15.614)
Amortization and depreciation expenses (Note 14,15)	(5.283)	(8.220)
Telecommunication service expenses	(8.606)	(10.966)
Total	(249.686)	(156.096)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 25 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 March 2018	1 January - 31 March 2017
General administrative expenses	(54.336)	(46.854)
Marketing expenses	(142.940)	(124.082)
Operating expenses	(197.276)	(170.936)

Marketing expenses:

	1 January - 31 March 2018	1 January - 31 March 2017
Personnel expenses	(37.710)	(29.830)
Rent expenses	(25.498)	(25.205)
Transportation, storage and travel expenses	(24.540)	(15.614)
Amortization and depreciation expenses (Note 14,15)	(13.799)	(6.555)
Amortization expenses of dealer agreements (*)	(10.646)	(11.840)
Advertisement expenses	(11.084)	(9.381)
Consulting expenses	(7.259)	(4.506)
Outsourced service expenses	(2.547)	(4.471)
Other	(9.857)	(16.680)
Total	(142.940)	(124.082)

(*) TRY 10,419 of amortization of dealership contracts has been deducted from sales and accounted as per TFRS 15.

General administrative expenses:

	1 January - 31 March 2018	1 January - 31 March 2017
Personnel expenses	(30.498)	(29.451)
Consulting expenses	(4.746)	(4.618)
Rent expenses	(4.213)	(3.457)
Amortization and depreciation expenses (Note 14,15)	(3.650)	(2.510)
Outsourced service expenses	(2.470)	(2.550)
Miscellaneous taxes	(1.274)	(1.162)
Transportation, storage and travel expenses	(823)	(1.217)
Other	(6.662)	(1.889)
Total	(54.336)	(46.854)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 26 - EXPENSES BY NATURE

Expenses are presented functionally for the interim periods ended 31 March 2018 and 2017 and the details are given in Note 24 and Note 25.

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities:

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange gains	72.058	85.602
Finance income due from sales with maturity	19.791	11.295
Interest income on bank deposit	14.051	11.425
Provisions no longer required	7.019	3.866
Usage of VAT discount	-	1.479
Other operating income	15.132	14.816
Total	128.051	128.483

Other expenses from operating activities

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange losses	(24.665)	(43.908)
Finance expense due to purchases with maturity	(8.497)	(6.729)
Provision for doubtful receivables (Note 9)	(3.944)	(10.848)
Provision for lawsuits (Note 17)	(2.998)	(25)
Other penalties and compensations paid	(228)	(238)
Provision for impairment on inventory (Note 11)	(123)	(253)
Impairment on fair value of investment properties (Note 13)	-	(11.765)
Other operating expenses	(3.514)	(2.415)
	(43.969)	(76.181)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange gains	7.235	1.885
Gain on sale of property, plant and equipment and intangible assets	5.686	625
Interest income of marketable securities	1.507	2.785
Rent and building service income	483	2.028
	14.911	7.323

Expenses from investing activities

	1 January - 31 March 2018	1 January - 31 March 2017
Interest expense related to share purchase commitment	(60.567)	(6.847)
Foreign exchange loss related to share purchase commitment	(51.910)	(27.799)
Expenses of impairment	(8.010)	-
Investment properties, sale of property, plant and equipment and loss of exclusion financial statement	(953)	(463)
Loss on sale of marketable securities	(7)	(60)
	(121.447)	(35.169)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 29 - FINANCE INCOME AND EXPENSES

The details of finance income for the interim periods ended 31 March 2018 and 2017 are as follows:

Financial income

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange gain	149	1.460
Other financial income	-	309
	149	1.769

The details of finance expenses for the interim periods ended 31 March 2018 and 2017 are as follows:

Financial expenses

	1 January - 31 March 2018	1 January - 31 March 2017
Interest expense on bank borrowings	(74.001)	(35.284)
Foreign exchange loss	(42.533)	(42.411)
Bank commission expenses	(12.342)	(1.544)
Derivative expenses	-	(4.183)
Other	(1.784)	(946)
	(130.660)	(84.368)

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

Milta

It was decided that the Group's subsidiary Milta Turizm, which the Group owns 100% shares, is sold and transferred to Tek Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri Anonim Şirketi as of 25 July 2017 in exchange for 105,000,000 (One hundred and five million) USD Dollars to be paid upfront in cash on the date of signing the Share Transfer Agreement, provided that all necessary legal permissions are taken, other routine "Closing Prerequisites" stipulated in the related contract are fulfilled, and the amount is corrected to the net debt amount on closing date. As of 31 March 2018, considering the materiality level of the Group's liabilities for assets and asset groups to be disposed of, they were not classified as assets held for sales purposes in consolidated financial statement.

Broadcasting and Publishing

In its Board Meeting no. 2018/14 dated 6 April 2018, the Group decided to sign the Share Sales Agreement for the sales and transfer of its shares in the capitals of its direct or indirect subsidiaries, which are active in the fields of broadcasting and publishing, and the details of which are explained in Note 1, and to authorize the management for this purpose. Details on the transactions for the sales and transfer of shares are explained at Public Disclosure Platform on 22 March 2018 and 6 April 2018. In line with this decision, assets belonging to the mentioned subsidiaries as of 31 March 2018 were included in the item "fixed assets classified as held for sales," and liabilities were included in the item "liabilities for asset groups classified as held for sales." Activities of the mentioned subsidiaries within the interim accounting period of 1 January-31 March 2018 are classified as discontinued operations. In order to ensure consistency with the consolidated profit and loss statement and related notes belong to the interim accounting period of 1 January-31 March 2017, as well as with the presentation of current period's consolidated financial statements in the consolidated cash flow statement, the Group presented the related operations as discontinued operations.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

	31 March 2018
Cash and cash equivalents	192.659
Financial investments	5.581
Trade receivables	494.978
Other receivables	12.859
Derivative instruments	1.841
Inventories	25.764
Prepaid expenses	57.676
Other current assets	152.631
Investment properties	191.492
Property, plant and equipment	333.845
Intangible assets	681.444
Deferred tax asset	14.367
Other non-current assets	111.599

Non-current assets classified as held for sale	2.276.736
---	------------------

Borrowings	1.101.089
Trade payables	419.988
Payables related to employee benefits	13.904
Deferred income	34.230
Other payables	39.528
Current income tax liability	2.945
Provision	190.388

Liabilities for group of assets classified as held for sale	1.802.072
--	------------------

	1 Ocak - 31 March 2018	1 Ocak - 31 March 2017
Revenue	490.076	457.174
Cost of sales (-)	(393.984)	(368.849)
General administrative and marketing expenses	(95.119)	(98.741)
Other income (expense) from operating activities, net	1.981	3.467
Income/(expense) from investment activities, net	(1.138)	4.067
Financial income/(expense), net	(62.770)	(43.938)
Discontinued operations profit (loss) before taxation	(60.954)	(46.820)
Tax income (expense) for the period	(3.185)	(3.149)
Deferred tax income/(expense)	(5.121)	723
Discontinued operations profit (loss) for the period	(69.260)	(49.246)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 31 - INCOME TAXES

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

Corporate Tax

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

	31 March 2018	31 December 2017
Provision for current income tax	10.617	38.821
Prepaid corporate taxes	(6.422)	(24.711)
Taxes payable for the period	4.195	14.110
	31 March 2018	31 December 2017
Corporate and income taxes payable	4.195	14.110
Deferred tax liabilities, net	55.202	51.472
Total taxes	59.397	65.582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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 2018 is 22% (2017: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate of 22% over their corporate income and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end. Advance taxes paid in the period are offset against the following period's corporate tax liability. . If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Turkish Trade Registry Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. As per this law, deferred tax assets and obligations were calculated in the financial statements dated 31 December 2017, applying a tax rate of 22% for temporary differences' portion to lead to tax effects in 2018, 2019 and 2020, and at 20% for the portion to lead to tax effects in 2021 and subsequent periods.

According to, Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law ("Law No. 5024") published in the Official Gazette on December 30, 2003 and the income or corporations taxpayers whose determine their profits on the basis of the statement of financial position, the financial statements are subject to inflation adjustment starting from 1 January 2004. The merger premiums which occurred as a result of the related subsidiary mergers, were classified as an equalizing account, which is neither an asset nor a liability, by the Group, in its financial statements and applied an inflation adjustment for the calculation of the corporate tax in 2004, due to the related regulations and Tax Procedural Law, titled "Inflation Adjustment Application" with number 17 and dated 24 March 2005.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 31 - INCOME TAXES (Continued)

Turkey (continued)

Exemption for participation in subsidiaries

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

Issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

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

Russian Federation

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

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

According to the Russian Federation's tax legislation, financial losses can be carried forward indefinitely to be deducted from future taxable income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 31 - INCOME TAXES (Continued)

Russian Federation (continued)

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

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

The tax rates at 31 March 2018 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

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

Belarus

Corporate tax rate effective in Belarus is %18 (2017: %18). Tax year is the calendar year in Belarus. Profit tax is calculated as progressive total. Payments regarding tax are made quarterly from the prior year results or expected current year profit. Corporate tax declarations should be given at 20 March following the financial year financial losses are not allowed to be deducted from the period corporate income. Tax refund option is available. Consolidated tax reporting or payment isn't allowed for parent company and its subsidiaries. In general, dividends paid to foreign shareholders are subject to 12% withholding tax rate. This rate might decrease in bilateral tax agreements. Tax legislations in Belarus is subject to frequent changes.

Deferred tax

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 31 - INCOME TAXES (Continued)

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

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Deductible tax losses	112.080	162.895	22.416	32.579
Provision for employment termination and unused vacation benefits	51.120	179.035	10.574	31.074
Provision for doubtful receivables	29.340	167.900	6.455	36.938
Deferred financial income of trade receivables	17.768	5.418	3.909	1.192
Other	30.176	105.295	6.496	22.351
Deferred tax assets	240.484	620.543	49.850	124.134
Net differences between the tax base and carrying value of property, plant and equipment, inventories and intangible assets	(561.660)	(930.285)	(61.661)	(120.815)
Net differences between fair and tax values of investment properties	(141.880)	(209.504)	(23.863)	(30.625)
Other	(86.482)	(101.513)	(19.528)	(24.166)
Deferred tax liabilities	(790.022)	(1.241.302)	(105.052)	(175.606)
Deferred tax liabilities, net	(549.538)	(620.759)	(55.202)	(51.472)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 31 - INCOME TAXES (Continued)

The Group recognized deferred tax assets over TRY 112.080 of carry forward tax losses in the consolidated financial statements prepared in accordance with the POA's Financial Reporting Standards as of 31 December 2017 (31 December 2017: TRY 162.895). As of 31 March 2018 and 31 December 2017, the maturity analysis of carry forward tax losses is as follows:

	31 March 2018	31 December 2017
2018	-	(13.117)
2019 and after	(112.080)	(149.778)
	(112.080)	(162.895)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 March 2018, the Group does not recognise deferred tax asset from carry forward tax losses amounting to TRY 112.080 (31 December 2017: TRY 162.895).

Movements for net deferred taxes for the interim periods ended at 31 March 2018 and 2017 are as follows:

	2018	2017
1 January	(51.472)	(95.207)
Opening effect of TFRS 9 (Note 2)	1.036	-
Current period income (expense)	15.072	(616)
Currency translation differences	615	(5.174)
Current period income (expense) of discontinued operations	(5.121)	
Transfer to non-current assets classified as held for sale	(14.367)	723
Tax recognized under equity	(965)	-
31 March	(55.202)	(100.274)

The taxes on income reflected to the consolidated statement of profit or loss for the periods ended 31 March 2018 and 2017 are summarized below:

	1 January- 31 March 2018	1 January- 31 March 2017
Current period tax expense	(10.617)	(4.702)
Deferred tax income/(expense)	15.072	(616)
Total tax (expense)/ income	4.455	(5.318)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 31 - INCOME TAXES (Continued)

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 31 March 2018 and 2017 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2018	2017
Loss before tax and non-controlling interests (*)	(118.534)	(84.737)
Current period tax income calculated at 22% effective tax rate	26.077	16.947
Effect of carryforward tax losses not subject to deferred tax asset	(19.741)	(8.249)
Tax effect of adjustments related to share purchase commitments	(24.745)	(6.929)
Effect of investments accounted for by the equity method	4.437	(710)
Effect of expenses non- deductible / not subject to tax	(3.796)	(5.912)
Effect of change in statutory tax rate on deferred tax	1.746	-
Carry forward tax losses utilized	8.306	2.426
Income not subject to tax	2.468	-
Other	9.703	(2.891)
31 March	4.455	(5.318)

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

NOTE 32 - EARNING/LOSS PER SHARE

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

	1 January- 31 March 2018	1 January- 31 March 2017
Net loss for the period attributable to equity holders of the Parent Company	(110.754)	(80.400)
Weighted average number of shares with face value of TRY 1 each	2.616.938	2.616.938
Loss per share (exact)	(0,042)	(0,031)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 33 - RELATED PARTY DISCLOSURES

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

i) Balances of related parties:

Short term trade receivables from related parties:

	31 March 2018	31 December 2017
Doğan Egmont ⁽¹⁾	1.668	-
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") ⁽²⁾	1.249	3.557
Gümüştaş Madencilik ve Ticaret A.Ş. ("Gümüştaş Madencilik") ⁽³⁾	429	2.510
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") ⁽²⁾	22	680
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") ⁽⁴⁾	22	553
Other	684	1.288
Total	4.074	8.588

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

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

(3) Receivables related to fuel-oil sales of the Group.

(4) Receivables related to rent a car services of the Group.

Other short term receivables from related parties:

	31 March 2018	31 December 2017
Boyabat Elektrik ⁽¹⁾	50.532	9.750
Total	50.532	9.750

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

Short term trade payables to related parties

	31 March 2018	31 March 2017
Doğan Egmont ⁽¹⁾	13.068	15.788
Doğan Burda ⁽²⁾	150	9.595
Ortadoğu Otomotiv ⁽³⁾	94	-
Other	71	760
Total	13.383	26.143

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

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

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

ii) Transactions with related parties:

Product and service purchases from related parties

	1 January- 31 March 2018	1 January- 31 March 2017
Doğan Egmont ⁽¹⁾	6.431	5.429
Boyabat Elektrik ⁽²⁾	4.018	8.882
Ortadoğu Otomotiv ⁽³⁾	3.429	1.723
Adilbey Holding A.Ş. ⁽⁴⁾	977	223
Doğan Burda ⁽¹⁾	321	194
Other	341	919
	15.517	17.370

(1) Comprises of the books and magazines purchases of the Group.

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

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

(4) Comprises of the accommodation services purchases of the Group.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties (Continued):

Product and service sales to related parties:

	1 January- 31 March 2018	1 January- 31 March 2017
Doğan Egmont ⁽¹⁾	3.336	2.776
Ortadoğu Otomotiv ⁽²⁾	2.652	2.431
Doğan Burda ⁽¹⁾	2.297	2.113
Gümüştaş Madencilik ⁽³⁾	1.113	1.689
D-Market ⁽⁴⁾	1.023	1.581
Boyabat Elektrik ⁽⁵⁾	631	417
Adilbey Holding A.Ş. ^{(2) (5) (6)}	143	186
DPP	136	191
D Elektronik ^{(2) (4)}	118	57
Other	539	1.416
	11.988	12.857

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

(2) The balance consists of car rental sales of the Group.

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

(4) The balance consists of financial, legal, computing and other areas consultancy services sales of the Group.

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

(6) The balance consists of product sales of the Group.

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

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

	1 January- 31 March 2018	1 January- 31 March 2017
Salaries and other		
short term benefits	2.791	4.135
Post-employment benefits	-	-
Termination benefits	-	-
Other long term benefits	-	-
Share based payments	-	-
Total	2.791	4.135

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial Risk Management

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

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

a) Market risk

a.1) Foreign currency risk

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

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

	31 March 2018	31 December 2017
Foreign currency assets	1.563.325	1.519.522
Foreign currency liabilities	(2.430.768)	(2.583.092)
Net foreign currency position	(867.443)	(1.063.570)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a) Market risk (continued)

a.1) Foreign currency risk (Continued):

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

31 March 2018	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	123.103	13.000	14.697	229
2a. Monetary Financial Assets (Cash, banks included)	1.387.601	237.880	91.994	471
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	19.507	-	455	17.292
4. Current Assets (1+2+3)	1.530.211	250.880	107.146	17.992
5. Trade Receivables	407	-	84	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	32.707	8.283	-	-
8. Non-Current Assets (5+6+7)	33.114	8.283	84	-
9. Total Assets (4+8)	1.563.325	259.163	107.230	17.992
10. Trade Payables	346.687	65.350	17.295	4.448
11. Financial Liabilities	433.002	11.331	79.768	-
12a. Other Monetary Liabilities	944.413	50.400	163.353	301
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	1.774.098	127.081	260.416	4.749
14. Trade Payables	-	-	-	-
15. Financial Liabilities	382.391	5.070	74.450	-
16a. Other Monetary Liabilities	274.283	69.458	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	656.670	74.528	74.450	-
18. Total Liabilities (13+17)	2.430.768	201.609	334.866	4.749
19. Net Asset / Liability Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(867.443)	57.554	(227.636)	13.243
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	(919.657)	49.271	(228.091)	(4.049)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a) Market risk (continued)

a.1) Foreign currency risk (Continued):

31 December 2017	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	129.976	18.819	12.975	404
2a. Monetary Financial Assets (Cash, banks included)	1.338.079	217.575	114.521	288
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	24.779	6.543	22	-
4. Current Assets (1+2+3)	1.492.834	242.937	127.518	692
5. Trade Receivables	268	-	57	11
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	26.420	6.485	133	-
8. Non-Current Assets (5+6+7)	26.688	6.845	190	11
9. Total Assets (4+8)	1.519.522	249.782	127.708	703
10. Trade Payables	331.925	67.030	17.358	714
11. Financial Liabilities	895.264	45.825	157.876	9.528
12a. Other Monetary Liabilities	3.005	404	328	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	1.230.194	113.259	175.562	10.242
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.052.643	-	226.737	28.813
16a. Other Monetary Liabilities	300.255	79.603	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.352.898	79.603	226.737	28.813
18. Total Liabilities (13+17)	2.583.092	192.862	402.299	39.055
19. Net Asset / Liability Position Of				
Off Statement of Financial Position				
Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position				
Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position				
Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(1.063.570)	56.920	(274.591)	(38.352)
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	(1.114.769)	43.532	(274.746)	(38.352)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a.) Market risk (continued)

a.1) Foreign currency risk (Continued):

As of 31 March 2018 and 31 December 2017, foreign currency denominated asset and liability balances were converted by the following exchange rates TRY 3,9489 = 1 USD and TRY 4,8673 = 1 EUR (31 December 2017: TRY 3,7719 = 1 USD ve TRY 4,5155 = 1 EUR).

31 March 2018	Income/Loss	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 10% against the TRY		
1- USD net (liabilities)/assets	22.727	(22.727)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	22.727	(22.727)
If the EUR had changed by 10% against the TRY		
4- EUR net (liabilities)/assets	(110.797)	110.797
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	(110.797)	110.797
If the other currencies had changed by 10% against the TRY		
7- Other currency net (liabilities)/assets	1.324	(1.324)
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	1.324	(1.324)
TOTAL (3+6+9)	(86.746)	86.746
31 December 2017	Income/Loss	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 10% against the TRY		
1- USD net (liabilities)/assets	21.470	(21.470)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	21.470	(21.470)
If the EUR had changed by 10% against the TRY		
4- EUR net (liabilities)/assets	(123.991)	123.991
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	(123.991)	123.991
If the other currencies had changed by 10% against the TRY		
7- Other currency net (liabilities)/assets	(3.835)	3.835
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	(3.835)	3.835
TOTAL (3+6+9)	(106.356)	106.356

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a) *Market risk (continued)*

a.2) *Interest rate risk*

- 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.

As of 31 March 2018, if interest rates on USD denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY 443 (31 December 2017: TRY 943) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

As of 31 March 2018, if interest rates on Euro denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY 3.307 (31 December 2017: TRY 4.551) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

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

	31 March 2018	31 December 2017
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	1.134.011	1.379.444
- Financial investments (Note 7)	214.650	196.880
Financial liabilities (Note 8)	2.265.654	2.798.258
Financial instruments with floating rate		
Financial liabilities (Note 8)	240.654	566.560

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

a.) Market risk (continued)

a.2) Interest rate risk (Continued):

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

	31 March 2018			31 December 2017		
	USD	EUR	TRY	USD	EUR	TRY
Assets						
Cash and cash equivalents (Note 6)	3,85 - 4,00	1,00 - 2,15	12,38 - 14,80	1,00 - 4,00	0,01 - 1,85	1,00 - 15,00
Financial investments	5,36	-	16,28	5,36	-	15,68

Liabilities

Financial liabilities	3,90-6,40	0.65- 4.97	6.80 – 18.00	2,48-2,97	0,75 - 5,71	4,30-19,00
-----------------------	-----------	------------	--------------	-----------	-------------	------------

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

31 March 2018	Up to- 1 year	1-5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	1.134.011	-	-	535.848	1.669.859
Financial investments (Note 7)	88.549	-	-	-	88.549
Total	1.222.560	-	-	535.848	1.758.408

Short and long term financial liabilities (Note 8) ⁽¹⁾	1.809.221	549.634	147.453	-	2.506.308
Other financial liabilities (Note 8)	778.768	-	-	-	778.768
Total	2.587.989	549.634	147.453	-	3.285.076

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

b) Credit risk

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

The table representing the Group's credit risk of financial instruments as of 31 March 2018 is as follows:

	Trade receivables		Other receivables		Cash on deposit
	Related party	Other	Related party	Other	
Maximum net credit risk as of the reporting date	4.074	1.992.518	50.532	52.450	1.665.116
- The part of maximum risk under guarantee with collateral	-	517.233	-	-	-
A. Net book value of neither past due nor impaired financial assets	4.074	1.888.488	50.532	52.450	1.665.116
- Guaranteed amount by collateral	-	472.454	-	-	-
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)		104.030			
- Guaranteed amount by collateral (Note 9)	-	44.779	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, 19)	-	60.439	-	421	-
- Impairment (-) (Note 9, 19)	-	(60.439)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

b) Credit risk (continued)

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

	<u>Trade receivables</u>		<u>Other receivables</u>		<u>Cash on deposit</u>
	<u>Related party</u>	<u>Other</u>	<u>Related party</u>	<u>Other</u>	
Maximum net credit risk as of the reporting date	8.588	2.246.329	9.750	48.324	1.699.253
- The part of maximum risk under guarantee with collateral	-	533.623	-	-	-
A. Net book value of neither past due nor impaired financial assets	8.588	1.964.585	9.750	48.324	1.699.253
- Guaranteed amount by collateral	-	469.369	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	281.744	-	-	-
- Guaranteed amount by collateral (Note 9)	-	64.254	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, 19)	-	257.243	-	421	-
- Impairment (-) (Note 9, 19)	-	(257.243)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

b) Credit risk (continued)

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

	31 March 2018		31 December 2017	
	Related party	Other receivables	Related party	Other receivables
Maturity				
1-30 days overdue	-	45.233	-	102.961
1-3 months overdue	-	18.485	-	74.902
3-12 months overdue	-	10.932	-	59.945
1-5 years overdue	-	29.351	-	43.936
5 years overdue	-	29	-	-
Total	-	104.030	-	281.744

Guaranteed amount by collateral

Publishing	-	2.758	-	23.154
Energy	-	33.190	-	29.462
Other	-	8.831	-	11.638
Total	-	44.779	-	64.254

	31 March 2018			31 December 2017		
	Trade receivable	Loan loss ratio	Expected credit loss (*)	Trade receivable	Loan loss ratio	Expected credit loss (*)
Not overdue	19.428	2,65%	515	27.550	2,65%	730
1-30 days overdue	2.112	8,27%	175	7.439	8,27%	615
1-3 months overdue	1.738	11,06%	192	1.910	11,06%	211
3-12 months overdue	5.623	14,56%	819	880	14,56%	128
1 year overdue	1.704	19,13%	325	1.741	19,13%	334
Total	30.605		2.026	39.520		2.018

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

c) Liquidity risk

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

c) Liquidity risk (continued)

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

	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
31 March 2018						
Non-derivative financial liabilities						
Short term and long term						
financial borrowing (Note 8)	2.506.308	2.584.981	549.795	1.237.956	589.207	208.023
Trade payables (Note 9)	1.120.194	1.125.975	778.068	347.907	-	-
Other financial liabilities (Note 8)	778.768	778.768	778.768	-	-	-
Other payables (Note 10)	142.826	148.607	122.779	345	25.483	-
Trade payables to related parties (Note 33)	13.383	13.383	-	13.383	-	-
Payables related to						
employee benefits (Note 22)	15.666	15.666	-	15.666	-	-
Deferred income (Note 20)	308.086	308.086	299.576	-	8.510	-
Other short-term provisions (Note 17)	8.219	8.219	-	8.219	-	-
Total	4.893.450	4.983.685	2.528.986	1.623.476	623.200	208.023
31 December 2017						
Non-derivative financial liabilities						
Short term and long term						
financial borrowing (Note 8)	3.364.818	3.684.427	1.025.156	1.762.701	793.345	103.225
Trade payables (Note 9)	1.278.158	1.286.447	876.689	409.758	-	-
Other financial liabilities (Note 8)	666.291	666.291	-	-	666.291	-
Other payables (Note 10)	162.665	170.799	52.251	104.838	13.710	-
Trade payables to related parties (Note 33)	26.143	26.143	-	26.143	-	-
Payables related to						
employee benefits (Note 22)	36.307	36.307	-	36.307	-	-
Deferred income (Note 20)	97.952	97.952	92.326	-	5.626	-
Other short-term provisions (Note 17)	36.724	36.724	-	36.724	-	-
Total	5.669.058	6.005.090	2.046.422	2.376.471	1.478.972	103.225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

d) Fair value of financial instruments

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

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

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

Monetary assets

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

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

Trade receivables are disclosed at their amortized cost using the effective interest rate method and the carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values.

Monetary liabilities

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

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

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

e) Capital risk management

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

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

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

e) Capital risk management (Continued)

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

	31 March 2018	31 December 2017
Total liability ⁽¹⁾	5.241.074	6.158.701
Less: Cash and cash equivalents (Note 6)	(1.669.859)	(1.708.467)
Net liability	3.571.215	4.450.234
Equity attributable to equity holders of the parent company	2.533.474	2.608.363
Total equity	6.104.689	7.058.597
Net liability / Total equity ratio	58%	63%

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

31 March 2018		Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Fair value through profit or loss	Carrying value
Financial assets	Note						
Cash and cash equivalents	6	1.669.859	-	-	-	-	1.669.859
Trade receivables from non-related parties	9	1.992.518	-	-	-	-	1.992.518
Trade receivables from related parties	33	4.074	-	-	-	-	4.074
Other receivables from non-related parties	10	52.450	-	-	-	-	52.450
Other receivables from related parties	33	50.532	-	-	-	-	50.532
Derivative instruments	21	-	-	-	14	-	14
Financial investments	7	-	214.650	-	-	-	214.650
<u>Financial liabilities</u>							
Short and long term financial liabilities	8	-	-	2.506.308	-	-	2.506.308
Trade payables to non-related parties	9	-	-	1.120.194	-	-	1.120.194
Trade payables to related parties	33	-	-	13.383	-	-	13.383
Other payables to non-related parties	10	-	-	141.266	-	-	141.266
Payables regarding employee benefits	22	-	-	15.666	-	-	15.666
Other financial liabilities	8	-	-	778.768	-	-	778.768

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

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

31 December 2017		Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Fair value through profit or loss	Carrying value
Financial assets	Note						
Cash and cash equivalents	6	1.708.467	-	-	-	-	1.708.467
Trade receivables from non-related parties	9	2.246.329	-	-	-	-	2.246.329
Trade receivables from related parties	33	8.588	-	-	-	-	8.588
Other receivables from non-related parties	10	48.324	-	-	-	-	48.324
Other receivables from related parties	33	9.750	-	-	-	-	9.750
Derivative instruments	21	-	-	-	83	-	83
Financial investments	7	-	196.880	-	-	-	196.880
<u>Financial liabilities</u>							
Short and long term financial liabilities	8	-	-	3.364.818	-	-	3.364.818
Trade payables to non-related parties	9	-	-	1.278.158	-	-	1.278.158
Trade payables to related parties	33	-	-	26.143	-	-	26.143
Other payables to non-related parties	10	-	-	162.665	-	-	162.665
Payables regarding employee benefits	22	-	-	36.307	-	-	36.307
Other financial liabilities	8	-	-	666.291	-	-	666.291

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

	31 March 2018	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets				
Derivative instruments				
held at fair value				
through profit or loss (Note 21)	14	-	-	14
Available-for-sale financial assets				
held at fair value				
through other comprehensive				
income statement (Note 7)	126.101	-	126.101	-
Bonds and bills (Note 7)	88.472	88.472	-	-
Total	214.587	88.472	126.101	14
Financial liabilities				
Derivative instruments				
held at fair value				
through profit or loss (Note 21)	-	-	-	-
Other financial liabilities	-	-	-	-
Total	-	-	-	-

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

Financial assets	31 December 2017	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Derivative instruments				
held at fair value				
through profit or loss (Note 21)	83	-	-	83
Available-for-sale financial assets				
held at fair value				
through other comprehensive				
income statement (Note 7)	125.137	-	125.137	-
Bonds and bills (Note 7)	71.741	71.741	-	-
Total	196.961	71.741	125.137	83
Financial liabilities				
Derivative instruments				
held at fair value				
through profit or loss (Note 21)	1.098	-	-	1.098
Other financial liabilities	-	-	-	-
Total	1.098	-	-	1.098

NOTE 36 - SHARES IN OTHER OPERATIONS

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

	TME	AYTEMİZ	31 March 2018
Current assets	5.094	1.027.324	1.032.418
Non-current assets	6.713	677.764	684.477
Current liabilities	38.276	1.037.913	1.076.189
Non-current liabilities	29.778	163.490	193.268
Total equity	(56.247)	503.685	447.438
			1 January - 31 March 2018
Revenue	1.577	1.527.789	1.529.366
Cost of sales	(1.158)	(1.459.566)	(1.460.724)
Gross profit/(loss)	419	68.223	68.642
Profit/(loss) for the period	(2.495)	(19.205)	(21.700)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 31 MARCH 2018

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

NOTE 36 - SHARES IN OTHER OPERATIONS (Continued)

	TME	AYTEMİZ (*)	31 December 2017
Current assets	5.174	889.972	895.146
Non-current assets	9.054	639.677	648.731
Current liabilities	33.610	799.716	833.326
Non-current liabilities	30.598	207.041	237.639
Total equity	(49.980)	522.890	472.910

			1 January - 31 March 2017
Revenue	1.840	1.059.848	1.061.688
Cost of sales	(1.297)	(997.360)	(998.657)
Gross profit/(loss)	543	62.488	63.031
Profit/(loss) for the period	(1.519)	(12.826)	(14.345)

(*) Consist of consolidated balances.

NOTE 37 - SUBSEQUENT EVENTS

Consolidated financial statements for the interim accounting period ending on 31 March 2018 were approved by the Board of Directors on 10 May 2018. Persons who are not members of the Board of Directors are not authorized to amend financial statements.

Share Transfers for Subsidiaries' Shares

- A binding "preliminary protocol" was signed between the Group and Turkuvaz TK Kitap ve Kırtasiye A.Ş. on 13 April 2018 for the sales and transfer of the Group's direct subsidiary Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. ("D&R") -which the Group owns 100% shares of the capital of 50,000,000 Turkish Liras paid fully- in exchange for 440,000,000 Turkish Liras to be paid upfront in cash on the date of signing the Share Transfer Agreement. New developments on the issue will be disclosed to public under the provisions of related legislation.
- Regarding the sales and transfer of shares within the scope of Share Sales Agreement signed with Demirören Medya Yatırımları Ticaret A.Ş. pursuant to the Group's Board Decision no. 2018/14 dated 6 April 2018; according to the announcement on the Competition Authority's website (www.rekabet.gov.tr), the Competition Authority approved attempts within the entities of Group, the transfer of the full control of Doğan TV Holding A.Ş., Doğan Gazetecilik A.Ş. Doğan Haber Ajansı A.Ş., Hürriyet Gazetecilik ve Matbaacılık A.Ş., Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş., Doğan İnternet Yayıncılığı ve Yatırım A.Ş. and Mozaik İletişim Hizmetleri A.Ş. -among the enterprises within the body of the Group- and Doğan Media International GmbH to Erdoğan Demirören indirectly and ultimately via Demirören Medya Yatırımları Ticaret A.Ş.

.....