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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY- 31 DECEMBER 2018 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR PERIOD ENDED 31 DECEMBER 2018

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 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 December 2018	*Audited* *Current Period* 31 December 2018	*Restated* *Audited* *Prior Period* 31 December 2017	*Restated* *Audited* *Prior Period* 31 December 2016
Current assets		**1,333,915**	**7,017,592**	**4,898,719**	**3,918,293**
Cash and cash equivalents	6	725,725	3,817,966	1,708,658	1,512,345
Financial investments	7	80,534	423,682	71,743	288,752
Trade receivables					
- Due from related parties	33	1,293	6,800	10,227	9,573
- Due from non-related parties	9	345,822	1,819,334	2,227,655	1,489,323
Other receivables					
- Due from related parties	33	3,904	20,536	9,750	10,726
- Due from non-related parties	10	2,100	11,048	28,770	17,046
Inventories	11	122,649	645,246	601,962	441,350
Prepaid expenses	20	15,355	80,783	118,460	82,927
Derivative instruments	21	9,853	51,834	83	551
Biological assets	12	4,025	21,174	-	215
Other current assets	19	22,656	119,189	121,411	65,485
Non-current assets		**747,442**	**3,932,218**	**5,679,133**	**5,483,156**
Trade receivables					
- Due from non-related parties	9	8,564	45,055	21,783	25,258
Other receivables					
- Due from non-related parties	10	-	-	19,679	29,207
Financial investments	7	37,272	196,084	125,137	76,716
Investments accounted for by the equity method	4	23,054	121,287	358,415	323,471
Investment properties	13	230,888	1,214,680	1,852,967	1,705,594
Property, plant and equipment	14	196,436	1,033,430	1,323,287	1,172,601
Intangible assets					
- Other intangible assets	15	129,870	683,234	947,695	1,116,948
- Goodwill	15	6,553	34,476	403,713	403,713
Prepaid expenses	20	25,896	136,235	40,079	53,169
Deferred tax asset	31	12,794	67,306	53,103	42,533
Other non-current assets	19	76,115	400,431	533,275	533,946
Total assets		**2,081,357**	**10,949,810**	**10,577,852**	**9,401,449**

The consolidated financial statements as of and for the period ended 31 December 2018 have been approved by the Board of Directors on 22 February 2019.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

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

LIABILITIES	Notes	*USD(*)* *Unaudited* *Current Period* 31 December 2018	*Audited* *Current Period* 31 December 2018	*Restated* *Audited* *Prior Period* 31 December 2017	*Restated* *Audited* *Prior Period* 31 December 2016
Current liabilities		**567,947**	**2,987,910**	**5,165,049**	**2,794,799**
Short-term borrowings	8	287,816	1,514,169	1,558,223	1,088,428
Short-term portion of long-term borrowings	8	66,274	348,659	1,059,380	305,409
Trade payables					
- Due to related parties	33	59	308	26,143	25,411
- Due to non-related parties	9	155,753	819,403	1,283,471	943,534
Payables related to employee benefits	22	3,138	16,510	36,559	37,111
Deferred income	20	11,991	63,084	93,080	57,101
Derivative instruments	21	13,132	69,084	1,098	-
Other payables					
- Due to related parties	33	-	-	850,000	-
- Due to non-related parties	10	23,789	125,157	149,057	232,246
Current income tax liability	31	1,462	7,692	14,110	13,457
Short-term provisions					
- Short-term provisions for employment benefits	22	3,014	15,855	56,794	51,378
- Other short-term provisions	17	1,519	7,989	36,724	40,498
Other short-term liabilities		-	-	410	226
Non-current liabilities		**182,480**	**960,009**	**2,059,934**	**2,935,209**
Long-term borrowings	8	118,956	625,813	747,215	895,383
Investments accounted for by the equity method	4	28,723	151,108	310,342	227,293
Other financial liabilities	8	-	-	666,291	519,829
Other payables					
- Due to related parties	33	-	-	-	850,000
- Due to non-related parties	10	10,672	56,145	15,012	120,789
Deferred income	20	1,149	6,047	5,919	7,830
Long-term provisions					
- Long-term provisions for employment benefits	22	6,476	34,071	123,015	119,430
- Other long term provisions		243	1,277	-	-
Deferred tax liability	31	16,261	85,548	192,140	194,655
EQUITY		**1,330,930**	**7,001,891**	**3,352,869**	**3,671,441**
Equity attributable to equity holders of the parent company		**1,266,262**	**6,661,678**	**2,961,166**	**3,232,623**
Share capital	23	497,432	2,616,938	2,616,938	2,616,938
Adjustments to share capital	23	27,282	143,526	143,526	143,526
Repurchased shares (-)	23	(395)	(2,080)	(2,080)	(2,080)
Share premiums (discounts)	23	6,683	35,159	35,159	35,159
Other comprehensive income (losses) that will not be reclassified in profit or loss					
- Gain (loss) on revaluation of property plant and equipment	23	-	-	34,820	48,007
- Actuarial gains (losses) on defined benefit plans	23	(1,616)	(8,502)	(41,613)	(37,810)
Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	4	(170)	(892)	(626)	-
Other comprehensive income (losses) that will be reclassified in profit or loss					
- Change in currency translation reserves	23	78,793	414,530	295,272	221,961
- Gain (loss) on revaluation and reclassification of financial assets held for sale	23	(4)	(20)	32,196	15,602
- Gain (losses) from hedge reserve	23	-	-	(665)	-
Restricted reserves	23	46,934	246,914	312,427	314,979
Retained earnings or accumulated losses		(79,262)	(416,991)	(140,989)	95,564
Net profit or loss for the period		690,585	3,633,096	(323,199)	(219,223)
Non-controlling interests		**64,668**	**340,213**	**391,703**	**438,818**
Total liabilities		**2,081,357**	**10,949,810**	**10,577,852**	**9,401,449**

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

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

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

	Notes	***USD(*)*** ***Unaudited*** ***Current Period*** **1 January- 31 December 2018**	***Audited*** ***Current Period*** **1 January - 31 December 2018**	***Restated*** ***Audited*** ***Prior Period*** **1 January - 31 December 2017**
Profit or Loss				
Revenue	24	2,308,814	12,146,438	7,738,622
Cost of Sales (-)	24	(2,115,971)	(11,131,912)	(7,231,320)
Gross Profit (Loss)	**24**	**192,843**	**1,014,526**	**507,302**
General Administrative Expenses (-)	25	(52,967)	(278,656)	(191,181)
Marketing Expenses (-)	25	(69,056)	(363,295)	(328,105)
Other Income From Operating Activities	27	264,221	1,390,038	363,997
Other Expenses From Operating Activities (-)	27	(58,078)	(305,540)	(203,986)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	(36,597)	(192,532)	(74,840)
Operating Profit/(Loss)		**240,366**	**1,264,541**	**73,187**
Income from Investment Activities	28	753,216	3,962,592	197,925
Expenses from Investment Activities (-)	28	(180,136)	(947,674)	(153,274)
Operating Profit (Loss) Before Finance (Expense)/Income		**813,446**	**4,279,459**	**117,838**
Finance Income	29	10,018	52,704	218
Finance Expenses (-)	29	(132,197)	(695,474)	(266,246)
Profit (Loss) Before Taxation From Continued Operations		**691,267**	**3,636,689**	**(148,190)**
Tax (Expense)/Income From Continued Operations	31	**336**	**1,768**	**(85,876)**
Tax Income/(Expense) for the Period		(23,475)	(123,498)	(178,466)
Deferred Tax Income/ (Expense)		23,811	125,266	92,590
Profit/(Loss) For The Period From Continued Operations		**691,603**	**3,638,457**	**(234,066)**
Profit/(Loss) For The Period From Discontinued Operations	**30**	**(13,559)**	**(71,333)**	**(142,480)**
Profit/(Loss) For The Period		**678,044**	**3,567,124**	**(376,546)**
Allocation of Profit (Loss) For The Period				
Attributable to Non-Controlling Interests		(12,541)	(65,972)	(53,347)
Attributable to Equity Holders of the Parent Company		690,585	3,633,096	(323,199)
Gain/(Loss) Per Share Attributable to Equity Holders of the Parent Company	32	0.264	1.390	(0.124)

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

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

	Notes	*USD(*)* *Unaudited* *Current Period* **1 January - 31 December 2018**	*Audited* *Current Period* **1 January - 31 December 2018**	*Restated* *Audited* *Prior Period* **1 January - 31 December 2017**
Profit/(Loss) For The Period		**678,044**	**3,567,124**	**(376,546)**
OTHER COMPREHENSIVE INCOME				
That will not be reclassified as profit or loss				
Gains (losses) on revaluation of property plant and equipments		-	-	-
Actuarial gains (losses) on defined benefit plans	22	(524)	(2,759)	(5,498)
Defined benefit plans remeasurement gains (losses) of investments accounted for by equity method		(51)	(266)	(626)
Taxes related to other comprehensive income that will not be reclassified as profit or loss				
Tax effect of gains (losses) on revaluation of property plant and equipments		-	-	(2,527)
Tax effect of actuarial gains (losses) on defined benefit plans		105	552	1,100
That will be reclassified as profit or loss				
Currency translation differences		22,648	119,153	80,175
Gain (losses) on revaluation and/or reclassification of financial assets available for sale		(7,987)	(42,020)	25,036
Other comprehensive income (loss) related with cash flow hedges		158	831	(1,098)
Taxes related to other comprehensive income that will be reclassified as profit or loss				
Tax effect of comprehensive income (loss) related with cash flow hedges		(32)	(166)	242
Tax effect on revaluation and/or reclassification of financial assets available for sale		1,864	9,804	(8,442)
OTHER COMPREHENSIVE INCOME /(LOSS)		**16,181**	**85,129**	**88,362**
TOTAL COMPREHENSIVE INCOME /(LOSS)		**694,225**	**3,652,253**	**(288,184)**
Allocation of Total Comprehensive Income/(Loss)				
Attributable to Non-Controlling Interests		(12,612)	(66,348)	(47,169)
Attributable to Equity Holders of the Parent Company		706,837	3,718,601	(241,015)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 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**	**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**
Effects of mergers of entities under common control	-		-	-	-	-	-	-	-	-	-	-	204,457	148,346	352,803	-	352,803
Restated 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**	**(140,989)**	**(323,199)**	**2,961,166**	**391,703**	**3,352,869**
Adjustments related to mandatory changes in accounting policies																	
Effect on changing policy of TFRS 9, net		-	-	-	-	-	-	-	-	-	-	-	(765)	-	(765)	-	(765)
Transfers		-	-	-	-	-	-	-	-	-	-	(65,513)	(257,686)	323,199	-	-	-
Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,648	38,648
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-			
- Dividend payment of subsidiaries to non-group companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	*(224)*	*(224)*
Acquisition or disposal of subsidiary					**(34,820)**	**35,047**						**-**	**(45)**	**-**	**182**	**(28,641)**	**(28,459)**
- Effect of sale of subsidiary (Note 30)		-	-	-	*(34,820)*	*35,047*	-	-	-	-	-	-	*(227)*	-	-	*(28,657)*	*(28,657)*
- Transactions with subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Effects of ownership rate change of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	*182*	-	*182*	*(182)*	-
- Acquisition or disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	-		-	-	*198*	*198*
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	-	-	(3,340)	-	(3,340)	16,078	12,738
Effects of mergers of entities under common control		-	-	-	-	-	-	-	-	-	-	-	(25,169)	-	(25,169)	-	(25,169)
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	11,003	-	11,003	(11,003)	-
Total comprehensive income/(loss)		**-**	**-**	**-**	**-**	**(1,936)**	**(266)**	**-**	**(32,216)**	**119,258**	**665**	**-**	**-**	**3,633,096**	**3,718,601**	**(66,348)**	**3,652,253**
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	-	3,633,096	3,633,096	(65,972)	3,567,124
Other comprehensive income (loss)		**-**	**-**	**-**	**-**	***(1,936)***	***(266)***	**-**	***(32,216)***	**119,258**	***665***	**-**	**-**		***85,505***	***(376)***	***85,129***
- Currency translation differences		-	-	-	-	-	-	-	-	119,258	-	-	-	-	*119,258*	*(105)*	*119,153*
-Actuarial gains (losses) on defined benefit plans		-	-	-	-	*(1,936)*	*(266)*	-	-	-	-	-	-	-	*(2,202)*	*(271)*	*(2,473)*
- Change in cash flow hedge reserve		-	-	-	-	-	-	-	-	-	*665*	-	-	-	*665*	-	*665*
- Change in financial asset revaluation fund		-	-	-	-	-	-	-	*(32,216)*	-	-	-	-	-	*(32,216)*	-	*(32,216)*
Balance at 31 December 2018		**2,616,938**	**143,526**	**(2,080)**	**-**	**(8,502)**	**(892)**	**35,159**	**(20)**	**414,530**	**-**	**246,914**	**(416,991)**	**3,633,096**	**6,661,678**	**340,213**	**7,001,891**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 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**	**Shares not classified as profit or loss from other comprehensive income of investments accounted for under 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 2017	**23**	**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**
Effects of mergers of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	233,395	-	233,395	-	233,395
Restated 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**	**95,564**	**(219,223)**	**3,232,623**	**438,818**	**3,671,441**
Transfers	-	-	-	-	(10,660)	-	-	-	-	-	-	(2,552)	(206,011)	219,223	-	-	-
Dividends																	
- Dividend payment of subsidiaries to non-group companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,912)	(1,912)
Acquisition or disposal of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**262**	**262**
-Effect of acquisition of subsidiaries (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	262	262
-Effect of disposal of subsidiaries (Note 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200	200
Effects of mergers of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	(28,938)	-	(28,938)	-	(28,938)
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,504)	-	(1,504)	1,504	-
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(2,527)**	**(3,803)**	**(626)**	**-**	**16,594**	**73,311**	**(665)**	**-**	**(100)**	**(323,199)**	**(241,015)**	**(47,169)**	**(288,184)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	(323,199)	(323,199)	(53,347)	(376,546)
Other comprehensive income (loss)	***-***	***-***	***-***	***-***	***(2,527)***	***(3,803)***	***(626)***	***-***	***16,594***	***73,311***	***(665)***	***-***	***(100)***	***-***	***82,184***	***6,178***	***88,362***
- Effect of changes in shareholding ratio in subsidiaries	-	-	-	-	-	*100*	-	-	-	-	-	-	*(100)*	-	-	-	-
- Currency translation differences	-	-	-	-	-	-	-	-	-	*73,311*	-	-	-	-	*73,311*	*6,864*	*80,175*
- Change in revaluation funds of investment properties	-	-	-	-	*(2,527)*	-	-	-	-	-	-	-	-	-	*(2,527)*	-	*(2,527)*
- Actuarial gains (losses) on defined benefit plans		-	-	-	-	*(3,903)*	*(626)*	-	-	-	-	-	-	-	*(4,529)*	*(495)*	*(5,024)*
- Change in cash flow hedge reserve	-	-	-	-	-	-	-	-	-	-	*(665)*	-	-	-	*(665)*	*(191)*	*(856)*
- Change in financial asset revaluation fund	-	-	-	-	-	-	-	-	*16,594*	-	-	-	-	-	*16,594*	-	*16,594*
Balance at 31 December 2017	**23**	**2,616,938**	**143,526**	**(2,080)**	**34,820**	**(41,613)**	**(626)**	**35,159**	**32,196**	**295,272**	**(665)**	**312,427**	**(140,989)**	**(323,199)**	**2,961,166**	**391,703**	**3,352,869**

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

	Notes	*USD(*)* *Current Period* *1 January-* **31 December 2018**	*Audited* *Current Period* **1 January - 31 December 2018**	*Restated* *Audited* *Prior Period* **1 January - 31 December 2017**
A. Net Cash From Operating Activities		**(238,245)**	**(1,253,381)**	**15,068**
Profit/(loss) for the period		678,044	**3,567,124**	**(376,546)**
Profit/(Loss) for the period from continued operations		691,603	3,638,457	(234,066)
Profit/(Loss) for the period from discontinued operations		(13,559)	(71,333)	(142,480)
Adjustments regarding reconciliation of net profit (loss) for the period		**(561,810)**	**(2,955,625)**	**1,150,513**
Adjustments related to depreciation and amortization	11, 14, 15	66,312	348,862	614,613
Adjustments related to provision (reversal) of impairment				
Adjustments related to other provisions (reversals) of impairment		*57,476*	*302,376*	*278,073*
Adjustments related to impairment of goodwill	*28*	*1,520*	*7,996*	-
Adjustments related to provisions				
- Adjustments related to provisions for (reversal of) employee benefits		*1,838*	*9,668*	*35,332*
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	*17*	*704*	*3,706*	*40*
- Adjustments related to other provisions (reversals)	*9, 11*	*6,192*	*32,575*	*45,862*
Adjustments related to interest (income) and expenses				
- Adjustments related to interest income	*27, 28*	*(41,587)*	*(218,787)*	*(72,725)*
- Adjustments related to interest expenses	*28, 29*	*51,608*	*271,504*	*262,938*
- Deferred financial expense due to purchases with maturity	*27*	*15,768*	*82,956*	*50,756*
Unearned financial income due from sales with maturity	*27*	*(25,113)*	*(132,117)*	*(83,041)*
Adjustments related to changes in unrealised foreign exchange differences		(81,228)	(427,328)	130,676
Adjustments related to fair value (gains) losses	13, 21	89,812	472,492	(153,707)
Adjustments related to losses (gains) on disposal of non-current assets	28	(1,393)	(7,330)	(4,146)
Adjustments related to undistributed profits of investments accounted for by the equity method	4	36,597	192,532	74,840
Adjustments related to tax income (expense)	31	(336)	(1,768)	19,734
Adjustments related to losses (gains) on disposal of subsidiaries or joint operations	28	(739,980)	(3,892,962)	(800)
Adjustments related to losses (gains) on disposal of associates, joint ventures and financial investments or changes in their shares	28	-	-	(18,994)
Other adjustments related to reconciliation of profit (loss)		-	-	(28,938)
Changes in working capital		**(396,300)**	**(2,084,895)**	**(865,948)**
Adjustments for (increase)/decrease in inventories		(57,856)	(304,375)	(155,039)
Adjustments for (increase)/decrease in trade receivables				
- (Increase)/decrease in trade receivables from related parties		*651*	*3,427*	*(654)*
- (Increase)/ decrease in trade receivables from non-related parties		*(36,730)*	*(193,233)*	*(811,064)*
Increase (decrease) in payables due to employee benefits		758	3,990	(552)
Adjustments regarding decrease/(increase) in other receivables on operations				
- (Increase)/decrease in other receivables regarding operations with related parties		*(2,050)*	*(10,786)*	*(1,220)*
- (Increase)/decrease in other receivables regarding operations with non-related parties		*2,325*	*12,233*	-
Adjustments regarding increase (decrease) in trade payables				
- Increase/(decrease) in trade payables to related parties		*(4,911)*	*(25,835)*	*732*
- Increase/(decrease) in trade payables to non-related parties		*49,094*	*258,278*	*328,824*
Adjustments regarding increase (decrease) in other payables on operations				
- Increase/(decrease) in other payables regarding operations with-related parties		*(161,569)*	*(850,000)*	-
- Increase/(decrease) in other payables regarding operations with non-related parties		*21,553*	*113,389*	*(190,674)*
Adjustments for other increase (decrease) in working capital				
- (Increase)/decrease in other assets regarding operations		*(49,566)*	*(260,760)*	*(80,123)*
- Increase/(decrease) in other liabilities regarding operations		*(157,999)*	*(831,223)*	*43,822*
Net Cash From Operating Activities		**(280,066)**	**(1,473,396)**	**(91,981)**
Employee termination benefits paid	22	(1,698)	(8,934)	(31,569)
Income tax refunds (payments)		(24,695)	(129,916)	(38,137)
Other provisions paid	17	-	-	(8,013)
Other cash inflow/(outflow)	9	-	-	26,357
Interest received		68,214	358,865	158,411

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

	Notes	*USD(*) Current Period 1 January- 31 December 2018*	*Audited Current Period* 1 January - 31 December 2018	*Restated Audited Prior Period* 1 January - 31 December 2017
B. Net Cash From Investing Activities		**554,699**	**2,918,216**	**(660,725)**
Cash outflows regarding capital increase and / or share increase of associates and/or joint ventures	4	(1,016)	(5,346)	(14,482)
Cash inflows from sale of property, plant, equipment and intangible assets		16,431	86,441	126,687
Cash outflows from purchase of property, plant, equipment and intangible assets	14, 15	(102,393)	(538,681)	(964,265)
Cash outflows regarding acquisition of investment properties	13	(2,421)	(12,737)	(33,129)
Cash inflows regarding sale of share and / or debt instruments of other entities or funds		-	-	203,961
Cash outflows regarding purchase of share and / or debt instruments of other entities or funds		(74,460)	(391,725)	(19,332)
Cash inflows regarding sale of the subsidiaries resulting in loss of control	30	779,520	4,100,976	2,486
Cash inflows regarding sale of the subsidiaries not resulting in loss of control		7,291	38,356	(686)
Other cash inflows/(outflows)		(68,253)	(359,068)	38,035
C. Net Cash from Financing Activities		**(112,079)**	**(589,634)**	**721,761**
Proceeds from borrowings				
Cash inflows from borrowings		*593,340*	*3,121,509*	*2,420,611*
Cash inflows from issued debt instruments		*9,132*	*48,041*	*67,270*
Cash outflows on debt payments				
Cash outflows due to payments of bank borrowings		*(658,687)*	*(3,465,289)*	*(1,536,451)*
Interest paid		(55,864)	(293,895)	(229,669)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		**204,375**	**1,075,201**	**76,104**
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS		**195,052**	**1,026,146**	**122,854**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**399,427**	**2,101,347**	**198,958**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**324,663**	**1,708,017**	**1,509,059**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**6**	**724,090**	**3,809,364**	**1,708,017**

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

(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"), 35.93% shares of Doğan Holding are to be considered in circulation as of 31 December 2018 (31 December 2017: 35.95%). As of 22 February 2019, circulation rate of shares are 35.83%.

The address of Holding is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34676 İstanbul

As of 31 December 2018, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 3,232 (domestic 2,952) (31 December 2017: 8,247; domestic 7,715). Holding has 43 employees (31 December 2017: 118 employees).

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

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

Fuel Retail

Subsidiaries	**Nature of business**	**Country**
Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz Akaryakıt")	Energy	Turkey
Aytemiz Petrolcülük Ticaret Limited Şirketi ("Aytemiz Petrolcülük")	Energy	Turkey
İstasyon Petrol Ticaret Limited Şirketi ("İstasyon Petrolcülük")	Energy	Turkey
D&A Energy B.V. ("D&A Energy") (1)	Energy	Holland

Joint Ventures	**Nature of business**	**Country**
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Energy	Jersey

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Electricity Production and Trade

Subsidiaries	Nature of business	Country
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Energy	Turkey
Galata Wind Enerji A.Ş. ("Galata Wind")	Energy	Turkey
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. ("Sunflower") (2)	Energy	Turkey
Doel Elektrik Enerjisi Toptan Satış A.Ş. ("Doel Elektrik")	Energy	Turkey

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

Industry

Subsidiaries	Nature of business	Country
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Production	Turkey
Celik Halat Netherlands B.V. ("Celik Halat Netherlands") (3)	Trade	Holland
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Turkey
Ditas America LLC ("Ditas America")	Trade	USA
Ditas Trading (Shanghai) Co. Ltd. ("Ditas Trading") (4)	Trade	China
D Stroy Limited ("D Stroy")	Trade	Russia

Automotive Trade and Marketing

Subsidiaries	Nature of business	Country
Suzuki Motorlu Araçlar Pazarlama A.Ş. ("Suzuki")	Trade	Turkey
Glokal Motorlu Araçlar Pazarlama A.Ş. ("DAF")	Trade	Turkey
Trend Motosiklet Pazarlama A.Ş. ("Trend Motosiklet")	Trade	Turkey

Financing and Investment

Subsidiaries	Nature of business	Country
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Öncü Girişim")	Investment	Turkey
Doruk Faktoring A.Ş. ("Doruk Faktoring")	Factoring	Turkey
Doruk Finansman A.Ş. ("Doruk Finansman")	Finance	Turkey
İlke Turistik Yatırımları A.Ş. ("İlke Turistik")	Tourism	Turkey
DHI Investment B.V. ("DHI Investment")	Investment	Holland
DH Upside Invest B.V. ("DH Upside") (5)	Investment	Holland

(2) The share purchase and transfer of related subsidiary was realized on 18 July 2018.
(3) The establishment of related subsidiary was realized on 27 September 2018.
(4) The related subsidiary entered into liquidation process as of 20 January 2017.
(5) The establishment of related subsidiary was realized on 11May 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)

Internet and Entertainment

Subsidiaries	Nature of business	Country
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Tv publishing	Turkey
Dogan Media International S.A. ("Kanal D Romanya")	Tv publishing	Romania
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("Rapsodi Radyo")	Radio publishing	Turkey
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Music and entertainment	Turkey
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Internet services	Turkey
Proje Land Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Proje Land") (5)	Internet services	Turkey
DMC Invest B.V. ("DMC Invest") (6)	Investment	Holland
Dogan Media Invest B.V. ("Dogan Media Invest") (6)	Investment	Holland
Glocal Invest B.V. ("Glocal Invest") (6)	Investment	Holland
NetD Müzik Video Dijital Platform ve Ticaret A.Ş. ("NetD Müzik") (7)	Internet services	Turkey

Real Estate Investments

Subsidiaries	Nature of business	Country
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trade	Turkey
D Gayrimenkul Yatırımları ve Ticaret A.Ş. ("D Gayrimenkul") (8)	Real estate management	Turkey
Etkin Gayrimenkul Geliştirme Yönetim ve Danışmanlık A.Ş. ("Etkin Gayrimenkul") (9)	Real estate management	Turkey
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Real estate	Romania

Other

Subsidiaries	Nature of business	Country
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	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 management	USA
Kelkit Doğan Besi İşletmeleri A.Ş. ("Kelkit Doğan Besi") (10)	Husbandry	Turkey
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. ("Değer Merkezi")	Management consultancy	Turkey
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Import and export	Turkey
Falcon Purchasing Services Ltd. ("Falcon")	Foreign trade	England

Joint Ventures	Nature of business	Country
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul")	Real estate	Turkey
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Telecommunication	Turkey
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Magazine publishing	Turkey
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Magazine publishing	Turkey

(5) The establishment of the related subsidiary was registered on 26 January 2018..
(6) The establishment of the related subsidiary was registered on 11 May 2018.
(7) The establishment of the related subsidiary was registered on 14 May 2018.
(8) The commercial title of Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. was changed to D Gayrimenkul Yatırımları ve Ticaret A.Ş. on 20 November 2018.
(9) Purchase and share transfer of related subsidiary was registered on 3 October 2018.
(10) 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standarts

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

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

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

Adjustment to the financial statements in hyperinflationary periods

In accordance with the decision of CMB dated as 17 March 2005 and numbered 11/367, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TFRS. 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

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

2.1 Basis of Presentation (Continued)

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

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

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

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

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

2.1.3 Consolidation and equity method accounting principles

The consolidated financial statements include the accounts of the parent company, Doğan Holding, its Subsidiaries and its Joint Ventures (collectively referred as the "Group") on the basis set out in sections (a) to (c) 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.

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

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

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

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

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

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

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

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

Changes in ownership interests

The group assesses 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 indirect 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 of Doğan Holding.

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

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

Fuel Retail

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Aytemiz Akaryakıt	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Aytemiz Petrolcülük	100.00	100.00	-	-	100.00	100.00	50.00	50.00
İstasyon Petrolcülük	100.00	100.00	-	-	100.00	100.00	50.00	50.00
D&A Energy (1)	100.00	-	-	-	100.00	-	50.00	-

Electricity Production and Trade

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Doğan Enerji	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Galata Wind	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Sunflower (2)	55.00	-	-	-	55.00	-	55.00	-
FB Güneş Enerjisi Yatırımları A.Ş. (3)	-	-	-	-	-	-	-	-
Doel Elektrik	100.00	100.00	-	-	100.00	100.00	100.00	100.00

Industry

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held(%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Çelik Halat	77.65	78.85	-	-	77.65	78.85	77.65	78.85
Celik Halat Netherlands(4)	100.00	-	-	-	100.00	-	77.65	-
Ditaş Doğan	72.62	73.59	-	-	72.62	73.59	72.62	73.59
Ditas America	100.00	100.00	-	-	100.00	100.00	72.62	73.59
Ditas Trading(5)	100.00	100.00	-	-	100.00	100.00	72.62	73.59
D Stroy	100.00	100.00	-	-	100.00	100.00	72.62	73.59

(1) The establishment of the related subsidiary was realized on 18 May 2018.
(2) The share transfer of the related subsidiary was realized on 18 July 2018.
(3) The transfer of shareholding of the related subsidiary was registered on 4 April 2018 and merged under Galata Wind on 6 July 2018.
(4) The establishment of related subsidiary was realized on 27 September 2018.
(5) The related subsidiary entered into liquidation process as of 20 January 2017

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Automotive Trade and Marketing

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Suzuki	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Trend Motosiklet[6]	100.00	99.84	-	-	100.00	99.84	100.00	99.84
DAF	100.00	100.00	-	-	100.00	100.00	100.00	100.00

Financing and Investment

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Öncü Girişim	100.00	100.00	-	-	100.00	100.00	100.00	98.20
Doruk Faktoring	100.00	100.00	-	-	100.00	100.00	100.00	98.86
Doruk Finansman	97.02	97.02	2.98	2.98	100.00	100.00	97.02	97.02
İlke Turistik	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
DH Upside[7]	100.00	-	-	-	100.00	-	100.00	-

Internet and Entertainment

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Glokal	100.00	100.00	-	-	100.00	100.00	100.00	79.29
Proje Land [8]	86.00	-	-	-	86.00	-	86.00	-
D Yapım Reklamcılık	100.00	100.00	-	-	100.00	100.00	100.00	93.22
Kanal D Romanya	99.99	99.99	-	-	99.99	99.99	99.99	93.22
Rapsodi Radyo	100.00	100.00	-	-	100.00	100.00	100.00	93.22
DMC	100.00	100.00	-	-	100.00	100.00	100.00	93.22
Blutv İletişim[9]	-	100.00	-	-	-	100.00	-	90.96
DMC Invest[7]	100.00	-	-	-	100.00	-	100.00	-
Dogan Media Invest[7]	100.00	-	-	-	100.00	-	100.00	-
Glocal Invest[7]	100.00	-	-	-	100.00	-	100.00	-
NetD Müzik[10]	100.00	-	-	-	100.00	-	100.00	-

Real Estate Investments

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Milpa	83.04	86.27	0.16	0.16	83.19	86.43	83.04	86.27
D Gayrimenkul[11]	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Etkin Gayrimenkul[12]	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

(6) The purchase and share transfer of the related subsidiary was realized on 9 November 2018.
(7) The establishment of the related subsidiary was realized on 11 May 2018.
(8) The establishment of the related subsidiary was realized on 26 January 2018.
(9) The related subsidiary was sold on 17 August 2018.
(10) The establishment of the related subsidiary was registered on 14 May 2018.
(11) The commercial title of Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. was changed to D Gayrimenkul Yatırımları ve Ticaret A.Ş. on 20 November 2018.
(12) The share transfer of the related subsidiary was realized on 3 October 2018.

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Other

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%) 31 December 2018	31 December 2017	Proportion of voting power held by Doğan family members (%) 31 December 2018	31 December 2017	Total proportion of voting power held (%) 31 December 2018	31 December 2017	Proportion of effective ownership interest (%) 31 December 2018	31 December 2017
Milta Turizm	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
Kelkit Doğan Besi (13)	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
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

Publishing (14)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%) 31 December 2018	31 December 2017	Proportion of voting power held by Doğan family members (%) 31 December 2018	31 December 2017	Total proportion of voting power held (%) 31 December 2018	31 December 2017	Proportion of effective ownership interest (%) 31 December 2018	31 December 2017
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	-	77.65	-	-	-	77.65	-	77.65
Doğan Gazetecilik A.Ş.	-	92.81	-	0.52	-	93.33	-	92.81
Hürriyet Zweigniederlassung GmbH	-	100.00	-	-	-	100.00	-	77.65
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	77.65
Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	77.65
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.	-	100.00	-	-	-	100.00	-	99.73
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş.	-	100.00	-	-	-	100.00	-	100.00
Doğan Haber Ajansı A.Ş.	-	99.99	-	-	-	99.99	-	99.99
Doğan Media International GmbH	-	100.00	-	-	-	100.00	-	90.52
Hürriyet Invest B.V.	-	100.00	-	-	-	100.00	-	77.65
Trader Media East Ltd.	-	97.29	-	-	-	97.29	-	75.54
TCM Adria d.o.o.	-	100.00	-	-	-	100.00	-	75.54
Mirabridge International B.V.	-	100.00	-	-	-	100.00	-	75.54
Publishing International Holding B.V.	-	100.00	-	-	-	100.00	-	75.54
OOO RUKOM	-	100.00	-	-	-	100.00	-	75.54
OOO Pronto Samara	-	100.00	-	-	-	100.00	-	75.54
OOO Pronto Media Holding Ltd.	-	100.00	-	-	-	100.00	-	75.54
OOO SP Belpronto	-	60.00	-	-	-	60.00	-	45.32
ZAO Pronto Akzhol	-	80.00	-	-	-	80.00	-	60.43
TOO Pronto Akmola	-	100.00	-	-	-	100.00	-	75.54
ID Impress Media LLC	-	91.00	-	-	-	91.00	-	68.74
OOO Rektcentr	-	100.00	-	-	-	100.00	-	75.54
Publishing House Pennsylvania Inc.	-	100.00	-	-	-	100.00	-	75.54

(13) 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.

(14) Disclosed in Note 2.1.5.

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Broadcasting [14]

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Doğan TV Holding A.Ş.	-	93.22	-	0.10	-	93.32	-	93.22
DTV Haber ve Görsel Yayıncılık A.Ş.	-	94.97	-	5.03	-	100.00	-	88.53
Mozaik İletişim Hizmetleri A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Doğan TV Digital Platform İşletmeciliği A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Osmose Media S.A.	-	100.00	-	-	-	100.00	-	93.22
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	93.22
Uydu İletişim Basın Yayın A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Doruk Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.22
Doğa Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Dark Yapımcılık ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	88.53
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Stil Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Selenit Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Fleks Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Kutup Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Yörünge Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Tematik Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.22
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.22
Eko TV Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.22
Primeturk GmbH	-	100.00	-	-	-	100.00	-	93.30
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	93.22
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
TV2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Tic. A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Popüler Televizyon ve Radyo Yayıncılık A.Ş.	-	100.00	-	-	-	100.00	-	93.30
Mavi Digital Teknoloji Hizmetleri ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	88.53

[14] Disclosed in Note 2.1.5.

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Retail[14]

	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş.	-	100.00	-	-	-	100.00	-	100.00
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş.	-	100.00	-	-	-	100.00	-	100.00
A.G.T. Tanıtım Kağıt Ürünleri Sanayi ve Ticaret A.Ş.	-	90.00	-	-	-	90.00	-	90.00

(14) Disclosed in Note 2.1.5.

(b) Non-Controlling Interests

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

(c) Joint Ventures

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

Joint Ventures

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

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 prior period 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 December 2018 with 31 December 2017. Consolidated statement of profit or loss and consolidated other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for the period ended 1 January - 31 December 2018, are presented comparatively with the consolidated financial statements as of the period 1 January – 31 December 2017.

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

2.1 Basis of Presentation (Continued)

2.1.5 Comparative information and restatement of prior period financial statements (Continued)

In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

Group completed the sales and transfer of shares in the period following the signing of the share sale contracts related to the sale and transfer of shares in the capitals of the direct and indirect subsidiaries operating in the publishing ,broadcasting and retail segments disclosed in Note 1. Details of share sales and transfer transactions are disclosed in Public Disclosure Platform as of 6 April 2018, 16 May 2018 and 29 May 2018. As of 31 December 2018, these transactions of the related subsidiaries, realized in 1 January – 31 December 2018 period were reclassified as discontinued operations. In this context, Group has presented the related activities as discontinued operations in order to ensure consistency with the consolidated statement of profit or loss and related notes and statement of cash flows for the period 1 January - 31 December 2017.

The Group determines whether there is a business combination or not by taking into account definitions in TFRS 3 Business Combinations standard.

According to this, the assets and the assumed liabilities, subject to the transaction described in Note 3, are considered as a whole and evaluated as "Transactions Between Entities Under Common Control" ("TBEUCC").

TBEUCC; in line with the International Accounting Standards (IAS) and related interpretations, can be accounted by restating the prior period financial statements with "Pooling of Interest" ("Option A") or recognized prospectively from the date of purchase (" Option B").

In the Official Gazette dated July 21, 2013, the POA issued a "Resolution" regarding the "Recognition of TBEUCC" and stated that only application of "Option A" is mandatory. Based on this Resolution, after 1 January 2016 the consolidated financial statements have been prepared by the "Pooling of Interest" method.

If "Option B" has been applied, the impact of abovementioned requirements presumed by the application of "Option A", accounted after tax effect in profit or loss statement amounting to TRY 327,953 would not be presented in consolidated profit or loss statement for period 1 January 2018 - 31 December 2018, and net profit after tax would be TRY 3,961,049 (31 December 2017: TRY 471,545 net loss for the period after tax). The comparative information related to the acquisition and the effects of restating the prior period financial statements are presented in the tables below:

(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 prior period financial statements (Continued)

The effects of the relevant regulations and classifications described above are presented below.

ASSETS	**Notes**	***Reported Prior Period*** **31 December 2017**	***Restatement effects including elimination impacts***	***Restated Prior Period*** **31 December 2017**
Current assets		**4,892,249**	**6,470**	**4,898,719**
Cash and cash equivalents	6	1,708,467	191	1,708,658
Financial investments	7	71,743	-	71,743
Trade receivables from related parties	33	8,588	1,639	10,227
Trade receivables from non-related parties	9	2,224,546	3,109	2,227,655
Other receivables from related parties	33	9,750	-	9,750
Other receivables from non-related parties	10	28,770	-	28,770
Inventories	11	601,962	-	601,962
Prepaid expenses	20	117,180	1,280	118,460
Derivative instruments	21	83	-	83
Biological assets	12	-	-	-
Other current assets	19	121,160	251	121,411
Non-current assets		**4,386,262**	**1,292,871**	**5,679,133**
Trade receivables due from non-related parties	9	21,783	-	21,783
Other receivables from non-related parties	10	19,554	125	19,679
Financial investments	7	125,137	-	125,137
Investments accounted for by the equity method	4	358,415	-	358,415
Investment properties	13	564,947	1,288,020	1,852,967
Property, plant and equipment	14	1,319,438	3,849	1,323,287
Other intangible assets	15	947,596	99	947,695
Goodwill	15	403,713	-	403,713
Prepaid expenses	20	39,340	739	40,079
Deferred tax asset	31	53,064	39	53,103
Other non-current assets	19	533,275	-	533,275
Total assets		**9,278,511**	**1,299,341**	**10,577,852**

(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 prior period financial statements (Continued)

LIABILITIES	Notes	*Reported Prior Period* 31 December 2017	*Restatement effects including elimination impacts*	*Restated Prior Period* 31 December 2017
Current liabilities		**4,308,169**	**856,880**	**5,165,049**
Short-term borrowings	8	1,558,223	-	1,558,223
Short-term portion of long-term borrowings	8	1,059,380	-	1,059,380
Trade payables due to related parties	33	26,143	-	26,143
Trade payables due to non-related parties	9	1,278,158	5,313	1,283,471
Payables related to employee benefits	22	36,307	252	36,559
Deferred income	20	92,326	754	93,080
Derivative instruments	21	1,098	-	1,098
Other payables due to related parties	33	-	850,000	850,000
Other payables due to non-related parties	10	148,955	102	149,057
Current income tax liability	31	14,110	-	14,110
Short-term provisions for employment benefits	22	56,745	49	56,794
Other short-term provisions	17	36,724	-	36,724
Other short-term liabilities		-	410	410
Non-current liabilities		**1,970,276**	**89,658**	**2,059,934**
Long-term borrowings	8	747,215	-	747,215
Investments accounted for by the equity method	4	310,342	-	310,342
Other financial liabilities	8	666,291	-	666,291
Other payables due to non-related parties	10	13,710	1,302	15,012
Deferred income	20	5,626	293	5,919
Long-term provisions for employment benefits	22	122,556	459	123,015
Deferred tax liability	31	104,536	87,604	192,140
EQUITY		**3,000,066**	**352,803**	**3,352,869**
Equity attributable to equity holders of the parent company		**2,608,363**	**352,803**	**2,961,166**
Share capital	23	2,616,938	-	2,616,938
Adjustments to share capital	23	143,526	-	143,526
Repurchased shares (-)	23	(2,080)	-	(2,080)
Share premiums (discounts)	23	35,159	-	35,159
Other comprehensive income (losses) that will not be reclassified in profit or loss				
- Gain (loss) on revaluation of property, plant and equipment	23	34,820	-	34,820
- Actuarial gains (losses) on defined benefit plans	23	(41,613)	-	(41,613)
Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	4	(626)	-	(626)
Other comprehensive income (losses) that will be reclassified in profit or loss)				
- Change in currency translation reserves	23	295,272	-	295,272
- Gain (loss) on revaluation and reclassification of financial assets for sale	23	32,196	-	32,196
- Gain (losses) from hedge reserve	23	(665)	-	(665)
Restricted reserves	23	312,427	-	312,427
Retained earnings or accumulated losses		(345,446)	204,457	(140,989)
Net profit or loss for the period		(471,545)	148,346	(323,199)
Non-controlling interests		**391,703**	**-**	**391,703**
Total liabilities		**9,278,511**	**1,299,341**	**10,577,852**

(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 prior period financial statements (Continued)

	Reported Prior Period 1 January - 31 December 2017	*Classification effects of discontinued operations*	*Restatement effects including elimination impacts*	*Restated Prior Period 1 January - 31 December 2017*
Profit or Loss				
Revenue	10,478,354	(2,794,280)	54,548	7,738,622
Cost of Sales (-)	(9,045,189)	1,823,950	(10,081)	(7,231,320)
Gross Profit (Loss)	**1,433,165**	**(970,330)**	**44,467**	**507,302**
General Administrative Expenses (-)	(391,838)	212,043	(11,386)	(191,181)
Marketing Expenses (-)	(795,743)	474,086	(6,448)	(328,105)
Other Income From Operating Activities	489,799	(125,946)	144	363,997
Other Expenses From Operating Activities (-)	(307,991)	104,154	(149)	(203,986)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	(74,840)	-	-	(74,840)
Operating Profit/(Loss)	**352,552**	**(305,993)**	**26,628**	**73,187**
Income from Investment Activities	92,435	(46,806)	152,296	197,925
Expenses from Investment Activities (-)	(177,018)	23,744	-	(153,274)
Operating Profit (Loss) Before Finance (Expense)/Income	**267,969**	**(329,055)**	**178,924**	**117,838**
Finance Income	565	(388)	41	218
Finance Expenses (-)	(497,821)	231,575	-	(266,246)
Profit (Loss) Before Taxation From Continued Operations	**(229,287)**	**(97,868)**	**178,965**	**(148,190)**
Tax (Expense)/Income From Continued Operations	**(43,245)**	**(12,012)**	**(30,619)**	**(85,876)**
Tax Income/(Expense) for the Period	(38,821)	(139,645)	-	(178,466)
Deferred Tax Income/ (Expense)	(4,424)	127,633	(30,619)	92,590
Profit/(Loss) For The Period From Continued Operations	**(272,532)**	**(109,880)**	**148,346**	**(234,066)**
Profit/(Loss) For The Period From Discontinued Operations	**(252,360)**	**109,880**	**-**	**(142,480)**
Profit/(Loss) For The Period	**(524,892)**	**-**	**148,346**	**(376,546)**

(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 prior period financial statements (Continued)

	Reported Prior Period 1 January - 31 December 2017	*Restatement effects including elimination impacts*	*Restated Prior Period 1 January - 31 December 2017*
Profit/(Loss) For The Period	(524,892)	148,346	(376,546)
OTHER COMPREHENSIVE INCOME			
That will not be reclassified as profit or loss			
Gains (losses) on revaluation of property plant and equipments	-	-	-
Actuarial gains (losses) on defined benefit plans	(5,498)	-	(5,498)
Defined benefit plans remeasurement gains (losses) of investments accounted for by equity method	(626)	-	(626)
Taxes related to other comprehensive income that will not be reclassified as profit or loss			
Tax effect of gains (losses) on revaluation of property plant and equipments	(2,527)	-	(2,527)
Tax effect of actuarial gains (losses) on defined benefit plans	1,100	-	1,100
That will be reclassified as profit or loss			
Currency translation differences	80,175	-	80,175
Gain (losses) on revaluation and/or reclassification of financial assets available for sale	25,036	-	25,036
Other comprehensive income (loss) related with cash flow hedges	(1,098)	-	(1,098)
Taxes related to other comprehensive income that will be reclassified as profit or loss			
Tax effect of comprehensive income (loss) related with cash flow hedges	242	-	242
Tax effect on revaluation and/or reclassification of financial assets available for sale	(8,442)	-	(8,442)
OTHER COMPREHENSIVE INCOME /(LOSS)	**88,362**	**-**	**88,362**
TOTAL COMPREHENSIVE INCOME /(LOSS)	**(436,530)**	**148,346**	**(288,184)**

(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 prior period financial statements (Continued)

ASSETS	**Notes**	***Reported Prior Period* 31 December 2016**	***Restatement effects including elimination impacts***	***Restated Prior Period* 31 December 2016**
Current assets		**3,912,023**	**6,270**	**3,918,293**
Cash and cash equivalents	6	1,512,163	182	1,512,345
Financial investments	7	288,752	-	288,752
Trade receivables from related parties	33	8,523	1,050	9,573
Trade receivables from non-related parties	9	1,485,674	3,649	.1,489,323
Other receivables from related parties	33	10,726	-	10,726
Other receivables from non-related parties	10	17,046	-	17,046
Inventories	11	441,350	-	441,350
Prepaid expenses	20	81,583	1,344	82,927
Derivative instruments	21	551	-	551
Biological assets	12	215	-	215
Other current assets	19	65,440	45	65,485
Non-current assets		**4,340,755**	**1,142,401**	**5,483,156**
Trade receivables due from non-related parties	9	25,258	-	25,258
Other receivables from non-related parties	10	29,082	125	29,207
Financial investments	7	76,716	-	76,716
Investments accounted for by the equity method	4	323,471	-	323,471
Investment properties	13	569,870	1,135,724	1,705,594
Property, plant and equipment	14	1,167,901	4,700	1,172,601
Other intangible assets	15	1,116,872	76	1,116,948
Goodwill	15	403,713	-	403,713
Prepaid expenses	20	51,623	1,546	53,169
Deferred tax asset	31	42,303	230	42,533
Other non-current assets	19	533,946	-	533,946
Total assets		**8,252,778**	**1,148,671**	**9,401,449**

(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 prior period financial statements (Continued)

LIABILITIES	Notes	*Reported Prior Period* 31 December 2016	*Restatement effects including elimination impacts*	*Restated Prior Period* 31 December 2016
Current liabilities		**2,788,691**	**6,108**	**2,794,799**
Short-term borrowings	8	1,088,428	-	1,088,428
Short-term portion of long-term borrowings	8	305,409	-	305,409
Trade payables due to related parties	33	25,403	8	25,411
Trade payables due to non-related parties	9	939,110	4,424	943,534
Payables related to employee benefits	22	36,796	315	37,111
Deferred income	20	56,243	858	57,101
Other payables due to non-related parties	10	232,115	131	232,246
Current income tax liability	31	13,426	31	13,457
Short-term provisions for employment benefits	22	51,263	115	51,378
Other short-term provisions	17	40,498	-	40,498
Other short-term liabilities		-	226	226
Non-current liabilities		**2,026,041**	**909,168**	**2,935,209**
Long-term borrowings	8	895,383	-	895,383
Investments accounted for by the equity method	4	227,293	-	227,293
Other financial liabilities	8	519,829	-	519,829
Other payables due to-related parties	33	-	850,000	850,000
Other payables due to non-related parties	10	119,449	1,340	120,789
Deferred income	20	7,457	373	7,830
Long-term provisions for employment benefits	22	119,120	310	119,430
Deferred tax liability	31	137,510	57,145	194,655
EQUITY		**3,438,046**	**233,395**	**3,671,441**
Equity attributable to equity holders of the parent company		**2,999,228**	**233,395**	**3,232,623**
Share capital	23	2,616,938	-	2,616,938
Adjustments to share capital	23	143,526	-	143,526
Repurchased shares (-)	23	(2,080)	-	(2,080)
Share premiums (discounts)	23	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	48,007	-	48,007
- Actuarial gains (losses) on defined benefit plans	23	(37,810)	-	(37,810)
Other comprehensive income (losses) that will be reclassified in profit or loss)				
- Change in currency translation reserves	23	221,961	-	221,961
- Gain (loss) on revaluation and reclassification of financial assets available for sale	23	15,602	-	15,602
Restricted reserves	23	314,979	-	314,979
Retained earnings or accumulated losses		(137,831)	233,395	95,564
Net profit or loss for the period		(219,223)	-	(219,223)
Non-controlling interests		**438,818**	**-**	**438,818**
Total liabilities		**8,252,778**	**1,148,671**	**9,401,449**

(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 prior period financial statements (Continued)

Transition to TFRS 9 "Financial instruments

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

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

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

Financial liabilities	**Original classification under TAS 39**	**New classification under TFRS 9**
Derivative financial liabilities	Fair value through statement of profit or loss/ other comprehensive income	Fair value through statement of profit or loss/ other comprehensive income
Borrowings	Amortized cost	Amortized cost
Trade payables/other	Amortized cost	Amortized cost
Financial Leasing	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**
Prior period	-
Pre-tax effects of amendments related to implementation of TFRS 9 standard	981
Tax effects of amendments related to implementation of TFRS 9 standard	(216)
Effects of amendments related to implementation of TFRS 15 standard	-
	765

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

2.1 Basis of Presentation (Continued)

2.1.5 Comparative information and restatement of prior period financial statements (Continued)

First transition to TFRS 15 "Revenue from contracts with customers"

The Group, evaluated in detail the cumulative impact of TFRS 15 "Revenue from Contracts with Customers"standard which the first application date of is January 1, 2018, and accordingly the cumulative effect of the first transition to TFRS 15 has not been accounted for by considering the materiality level. Therefore, there is no need to revise the consolidated financial statements of previous years. In accordance with this transition method, the Group has started to apply this standard in the reporting period starting from 1 January 2018.

2.1.6 Significant accounting policies and changes in accounting estimates and errors and restatement of prior period financial statements

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

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

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

a) Amendments and interpretations to existing standards and prior year standards published as of 31 December 2018

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

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

2.1 Basis of Presentation (Continued)

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

a) Amendments and interpretations to existing standards and prior year standards published as of 31 December 2018

- 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. The Group started to apply the standard in the reporting period starting from 1 January 2018. If the Group had applied transition to TFRS 15 retrospectively, the amount of TRY 46,591 which was related to intangible rights, advance sales support premiums, etc. provided to dealers and accounted for under marketing expenses for the period ended at 1 January - 31 December 2017, would be accounted for under sales returns by offsetting from revenue.

- Amendments to TFRS 4, "Insurance contracts" regarding the implementation of TFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. Aforementioned amendment does not have significant impact on Group's financial position and performance. The amended standard will:

  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and

  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39, "Financial Instruments.

- Amendment to TAS 40, "Investment property" relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. Aforementioned amendment does not have significant impact on Group's financial position and performance.

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

2.1 Basis of Presentation (Continued)

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

a) Amendments and interpretations to existing standards and prior year standards published as of 31 December 2018(Continued)

- Amendments to TFRS 2, "Share based payments" on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. Aforementioned amendment does not have significant impact on Group's financial position and performance.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

  - TFRS 1, "First time adoption of TFRS", regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10.
  - TAS 28, "Investments in associates and joint venture" regarding measuring an associate or joint venture at fair value.

- TFRS Interpretation 22, "Foreign currency transactions and advance consideration"; effective from annual periods beginning on or after 1 January 2018. This TFRS addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. Aforementioned amendment does not have significant impact on Group's financial position and performance.

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

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

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 December 2018 (Continued):

- Amendment to TAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

- TFRS 16, "Leases"; effective from periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in TAS 17 and brings a far-reaching change in accounting of lessees in particular. Under TAS 17, lessees were required to make a distinction between a financial lease (on balance sheet) or 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' in the financial statements for all lease contracts that meet the conditions. For lessors, the accounting stays almost the same. However, as the definition of a lease (as well as the guidance on the combination and separation of contracts) is amended, lessors may also need to reassess their situation against the new standard. As of application of TFRS 16, existing or new lease contracts may also need to be reassessed against the new standard. Under TFRS 16, a contract is a lease or contains a lease transaction, if the contract conveys the right to control and the use of control of an identified asset for a period of time in exchange of a specified amount. The Group is planning to use the simplified transition application and not to restate comparable amounts for the year prior to the first implementation. In this way, all use right assets will be measured in terms of leasing liabilities at the transition time (adjusted according to rental costs paid in advance or accrued). As of the date of this report, impacts of the new standard on the consolidated financial positon of the Group is being assessed with including all subsidiaries of the Group.

- 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. When there is an uncertainty in tax practices, the TFRS Interpretation Committee previously clarified that the uncertainty should be evaluated according to TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" standard, not according to TAS 12. 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.

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 December 2018 (Continued)

- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - TFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - TFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - TAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way.
  - TAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder 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..

- Changes in materiality definition of TAS 1 "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" are valid for reporting periods beginning on or after 1 January 2020. Amendments in TAS 1 "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and other amendments in TFRS are as follows:

  i) Use of the definition of materiality consistent with IFRS and financial reporting framework
  ii) clarification on explanation of the definition of materiality, and
  iii) inclusion of some guidance in TAS 1 on non-essential information

- Amendments in TFRS 3, 'Business combinations', definition of entity; are valid for reporting periods beginning on or after 1 January 2020. With this amendment, the definition of entity is revised. According to feedbacks received by the IASB, it is generally considered that the practice guidance available is very complex, and the definition of these business combinations results in a lot of processing.

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

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

2.1. Basis of Presentation (Continued)

2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TRY"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate of TRY 5,2609 = USD 1,00 as of 31 December 2018. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TRY amounts have been or could be converted into USD at this or any other rate.

2.2 Summary of Significant Accounting Policies

Related parties

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

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

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

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

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

Inventories

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

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

Financial Assets

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial Assets(Continued)

(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 than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

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

(b) Financial assets carried at fair value

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

i) Financial assets at fair value through profit or loss

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Financial Assets(Continued)

ii) Financial assets at fair value through other comprehensive income

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

Derivative financial instruments and hedge accounting

Derivative financial instruments, predominantly foreign currency and interest swap agreements, commodity exchange contracts and foreign currency forward agreements are comprised. Derivative financial instruments are subsequently remeasured at their fair value. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities in the statement of financial position respectively (Note 21).

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

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

The Group utilizes foreign exchange derivatives and commodity derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts and option contracts regarding the management of fluctuations in exchange rates and fuel prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Investment properties

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

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

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

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

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis (except land). Lands are not subject to depreciation due to their unlimited useful life. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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

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

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

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

Financial leases

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization

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

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

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

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

Estimated useful lives of intangible assets are as follows:

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Development costs

Development costs for the design and testing of detectable and unique products controlled by the Group are recognized as intangible assets when the following conditions are met:

- It is technically possible to complete the product to be ready for use;
- Management intends to complete and use or sell the product;
- Possibility to use and sell the product;
- Certainty on how the product is likely to provide future economic benefits;
- Availability of sufficient technical, financial and other resources to complete the development phase and to use or sell the product; and
- Reliable measurement of expenses related to the product during the development process.

Capitalized development costs are recognized as intangible assets and are amortized beginning from the date the asset is ready for use.

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 from1 January 2016 according to which does not have any limitation about the right to sell, have been broadcasted at least six episodes or committed to be broadcasted at least six episodes and have potential to be sold to overseas. Turkish Series classified as program rights are amortized within 5 years (2017: 5 years) The related accounting policy has been applied from 1 January 2018 to the date of completion of subsidiary sale transactions explained in detail on Note 30.

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)

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

2.2 Summary of Significant Accounting Policies (Continued)

Taxation

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

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

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

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

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

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).

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

2.2 Summary of Significant Accounting Policies (Continued)

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. The Group pays some of its trade payables through the letter of credit agreements signed with the banks. Accordingly, such letters of credit are recognized in financial liabilities in exchange for the payment of trade payables.

Financial liabilities regarding to put options of non-controlling interests

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

Employment termination benefits

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

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

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 on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made .

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

2.2 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities (Continued)

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

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

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

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

Share capital and dividends

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

Revenue recognition

When the Group meets its performance obligation by transferring a product or service that is committed before, the revenue is recognised in consolidated financial statements. When the 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

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

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

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

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

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

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

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

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

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

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 it performance liability, it recognises the revenue equal to gross amount of price, which it expects to earn in return for transferred goods or services, in the consolidated financial statements. If the Group mediates the process where other parties provide the goods and services, it is in the agent position and cannot include the revenue for the performance liability in the consolidated financial statements.

Group acts as a representative with a framework in accordance with the convenient time period between 1 January 2018 and the completion of the sale of its subsidiary stated on Note 30, on "Yakala.co" agreements and where it brings together the firms with which it has agreements in line with its clients' digital marketing strategies, and in some products and services it offers in "Hürriyetemlak.com" agreements which provide digital classified advertisement service. When Group meets its performance liability for these agreements where it is determined as an agent, it includes the price or revenue equal to commission, which it expects to earn, in the consolidated financial statements. Group's price or commission is the remaining net amount after paying the price it collects in return for goods and services provided to portals. For cinema tickets only sold on "Yakala.co" website operating in e-trade field, Group acts as primary because it bears inventory risk and has discretionary power for determining price for this service. Income from tickets 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 (e.g. 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 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Advertisement revenue

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

Revenues from circulation, magazine sales, distribution and press income

Circulation income includes income earned by the distribution company and, 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". The aforementioned accounting principles have been applied with respect to the time period between 1 January 2018 and the completion of the sale of its subsidiary as stated on Note 30.

Subscription and membership income

Subscription and membership income includes revenues from real estate site, digital platform and internet subscriptions. The Group monitors the membership of real estate sites individually and institutionally. As explained in Note 30, the activities of digital platform and internet subscriptions are classified into discontinued operations within the period 1 January – 31 December 2018.

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

Fuel sale income

Fuel sale income is the amount remaining when the Group has deducted estimated client refunds, discounts and provisions from fuel sales that it has carried out through dealerships or from its own stations. The revenue gained through fuel sales is recognised at a specific point in time in case control 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Electricity sale revenues

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

Retail sale revenues

Book, music, film, electronics and souvenir products sale income is recorded at a specific point in time in line with periodicity principle after the refunds and discounts are deducted from the invoiced value at the date the said goods are delivered to the client (considering material rights provided in scope of loyalty card program) As explained in Note 30, retail sales activities are classified into discontinued operations within the period 1 January – 31 December 2018.

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.

Real estate sales 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 control arising from owning legally an asset are transferred to the buyer of the property.

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

Factoring income: Interest and commissions arising from factoring transactions are reflected to the statement of profit or loss on an accrual basis depending on the duration of the factoring contracts.

Financial income: Interest income and expenses are recognized on an accrual basis. Interest income is deducted from the records as soon as the management decides that the loans and advances given to customers cannot be repaid, and the accruals recorded until that date are cancelled and not recorded as revenue until the collection is made.

Other income

The Group's other income includes tourism income, vehicle sales income and other income. These incomes are explained below:

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

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Tourism income: Consisted of hotel accommodation, agency, and marina income. The hotel accommodation and agency income are recognised once the service is provided to the client, "at a specific point in time". Marina income is consisted 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.

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

Before the group transfers a good or a service to the client, if the said client pays the price or the business has an unconditional receivable on the price, it reflects the contract as a contractual liability on the date the payment is made or when the payment is due (whichever is earlier). Contract liability is the liability of the business to transfer goods or services to the client in return for the amount it has collected (or earned the right to collect). In cases where the customer does not pay the cost or the performance obligation is met by transferring the goods or services to the customer before the due date, the Group presents the contract as a contract asset except the amounts presented as receivable.

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 acquire and the equity interests issued by the Group in exchange for control of the acquire. 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 acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations(Contiuned)

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

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

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

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

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 standart 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (Continued)

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).

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3 "Business Combinations". Therefore, goodwill is not calculated in such mergers. Besides, transactions occurring between the parties in legal mergers are subject to amendments during the preparation of the consolidated financial statements. In the accounting of share transfers under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with their carrying values. Mergers between entities under common control are recognized by "Pooling of Interests" method. In applying the "Pooling of Interests" method, the consolidated financial statements are adjusted as if the acquisition was performed as of the beginning at the relevant reporting period in which the common control is carried out and they are presented comperatively as of the beginning of the relevant reporting period. As a result of these transactions, no goodwill or negotiable purchase effect is calculated (Note 3). Business combinations subject under common control are not within the scope of TFRS 3 "Business Combinations" and the Group does not recognize any goodwill with respect to such transactions. If the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the Share Premiums. On the contrary, namely as a difference that occurs when the net value of the transferred assets exceeds the carrying amount of the net assets of the Company, on the date of the merger, the difference is reflected in the section "Effects of Mergers of Entities Under Common Control".

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.

The cash-generating unit, where the goodwill is allocated, is tested for impairment annually. If there is any indication that the unit is impaired, the impairment test is performed more frequently.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Goodwill (Continued)

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

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.

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.

(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)

Foreign currency transactions (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 December 2018 and 31 December 2017 are summarized below. The Group's foreign operations in Russia and Slovenia are classified as discontinued operations for the period 1 January- 31 December 2018, as explained in Note 30.

Country	Currency	31 December 2018	31 December 2017
Eurozone	EUR	6,0280	4,5155
Russia	Ruble	0,0753	0,0651
USA	Dollar	5,2609	3,7719
Romania	New Lei	1,2866	0,9637

Assets Held for Sale

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

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

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 eight main segments, "Fuel Retail", "Electricity Production and Trade", "Industry", "Automotive Sales and Marketing" "Financing and Investment", "Internet and Entertainment", "Real Estate Investment" and "Other" by the management. The Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements. As the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary (Note 5).

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

Earnings/(loss) per share

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

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

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).

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

2.2 Summary of Significant Accounting Policies (Continued)

Subsequent events

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

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

Statement of cash flows

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

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

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

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

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

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

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

As of November 2011, the Group management considered the VAT principle amounting to TRY 454,281 imposed as a consequence of share exchanges and transfers recognised in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon (the related subsidiary merged with D Yapım in 2013 and dissolve without liquidation) and Alp Görsel (the related subsidiary merged with Doğan TV in 2014 and dissolved without liquidation) and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of "recourse VAT invoice" by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TRY 367,990 and TRY 86,291 have been recognised in the statutory records of D Yapım and Doğan TV Holding respectively. Due to the specific nature of the transaction and considering precautionary principle, the Group management adopted the policy that such "Deductible VAT" should not be recorded as an asset in the consolidated financial statements based on its actual utilization in subsequent taxation periods. However, the Group management revised the issue at this point, in line with the opinion it formed considering the previous actual utilization performance of such "Deductible VAT" asset as per the applicable legislation and relevant declaration and audit applications, and recognized TRY 5,971 of the related "deductible VAT" asset in "other current assets" and TRY 338,269 in "other non-current assets.

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)

b) ***Deferred tax assets***

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS published by POAASA and their statutory financial statements. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. The Group, considering the future income projections, recognized deferred tax assets amounting to TRY 50,460 (31 December 2017: TRY 32,579 and 31 December 2016: TRY 19,583) arising from carry forward tax losses amounting to TRY 231,598 as of 31 December 2018 (31 December 2017: TRY 162,895 and 31 December 2016:TRY 99,266). (Note 31)

c) Provision for doubtful trade receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers. Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. When trade receivables are not impaired along with realised impairment losses for certain reasons, the Group recognises an expected credit loss provision equal to the expected lifetime credit loss for these trade receivables as per TFRS 9. Expected credit loss is calculated using expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from main activities. As of 31 December 2018, doubtful provision is TRY 92,574 (31 December 2017: TRY 257,243) (Note 9)

d) Investment properties

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

e) Impairment of subsidiaries

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

NOTE 3 - BUSINESS COMBINATIONS

Business combinations as of 31 December 2017:

Acquisition of Doruk Finansman's shares

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

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

Business combinations as of 31 December 2018:

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. The difference between net cash inflow and net liabilities corresponding to the Group's share was recognized as goodwill amounting to TRY 7,212 in the consolidated financial statement as of the acquisition date. FB Güneş Enerji Şirketi A.Ş. merged with Galata Wind on 6 July 2018.

Transaction including entities under common control

On 3 October 2018, D Gayrimenkul, a subsidiary of the Group, acquired the real estate on the parcel no. 3 2524 Island, Mecidiyeköy Mahallesi, Istanbul, Şişli, for a consideration of 850,000,000 (exact) Turkish Liras, excluding VAT. This acquisition is considered as "transactions including entities under common control" as explained detailed in Note 2.1.5 and the difference between the purchase price and the net assets at the date of purchase is accounted for under the "Effect of Mergers of Entities under Common Control" under "Retained earnings". The reconciliation table of this amount classified under shareholders' equity is presented in Note 2.1.5.

(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

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

Joint venture	Country	Nature of business	Entrepreneurial partner
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. and Anadolu Endüstri Holding A.Ş.
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Egmont
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Newage Alzarooni Limited
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul)	Turkey	Real Estate	Rönesans Gayrimenkul Yatırım A.Ş.
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.

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

	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 (%)	
Joint Ventures	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Aslancık Elektrik	33.33	33.33	-	-	33.33	33.33	33.33	33.33
Boyabat Elektrik	33.00	33.00	-	-	33.00	33.00	33.00	33.00
Doğan Burda	45.02	45.02	0.27	0.27	45.29	45.29	45.02	45.02
Doğan Egmont	50.00	50.00	-	-	50.00	50.00	50.00	50.00
DPP (1)	-	56.00	-	-	-	56.00	-	56.00
Gas Plus Erbil	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Kandilli Gayrimenkul	50.00	50.00	-	-	50.00	50.00	50.00	50.00
SP Pronto Kiev (1)	-	50.00	-	-	-	50.00	-	37.77
TOV E-Prostir (1)	-	50.00	-	-	-	50.00	-	37.77
Ultra Kablolu(2)	50.00	50.00	-	-	50.00	50.00	50.00	50.00

(1) Sold out within the context of share sale transactions explained in Note 30.
(2) The related joint venture has ceased its operations as of November 2006..

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

31 December 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 (1)	795,706	1,629	794,077	-	-	(850)	-
Kandilli Gayrimenkul	188,867	12,510	176,357	88,178	-	14,285	7,143
Doğan Burda	52,090	27,071	25,019	11,264	86,519	2,480	1,116
Doğan Egmont	68,734	32,236	36,498	18,249	59,187	(1,932)	(966)
Ultra Kablolu	7,216	25	7,191	3,596	-	(430)	(215)
Total	**1,112,613**	**73,471**	**1,039,142**	**121,287**	**145,706**	**13,553**	**7,078**
Boyabat Elektrik (2)	1,785,930	4,503,120	(2,717,190)	(96,830)	141,509	(1,386,940)	(158,705)
Aslancık Elektrik	462,768	625,619	(162,851)	(54,278)	113,984	(122,727)	(40,905)

(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)

31 December 2017	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit loss
Doruk Finansman[3]	-	-	-	-	3,132	(4,404)	(2,114)
Gas Plus Erbil[1]	494,374	1,768	492,606	246,303	-	(769)	(385)
Kandilli Gayrimenkul	171,036	8,964	162,072	81,036	-	18,741	9,371
Doğan Burda	51,220	28,090	23,130	10,413	80,437	(3,079)	(1,386)
Doğan Egmont	65,616	27,186	38,430	19,216	70,804	6,142	3,071
Ultra Kablolu	7,052	4,549	2,503	1,252	-	(212)	(106)
DPP	2,526	2,177	349	195	4,587	(430)	(241)
Total	**791,824**	**72,734**	**719,090**	**358,415**	**158,960**	**15,989**	**8,210**
Boyabat Elektrik [2]	1,896,790	3,223,328	(1,326,538)	(296,969)	285,528	(514,327)	(70,369)
Aslancık Elektrik	450,455	490,579	(40,124)	(13,373)	82,612	(38,048)	(12,681)

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

(2) Although there is considerable uncertainty regarding whether the credit will or will not be paid, in the context of possible evaluations on the existence of bail of the Group to the amount equal to one year principal installment and the amount of interest arising from 50% of the Group's shares and the evaluation of the information regarding the liquidation of the loan by the banks, a provision has been booked within the principle of "prudence" of the accounting for the above mentioned bail. In this framework, the net amount of the liabilities to the Group for the provision for additional loss and the recognition of the liability amount, even after the net assets of Boyabat Elektrik have fallen to zero or below, with reference to the application of the 39th item of TAS 28, has been limit subject to the collateral amount given by Doğan Holding to the long-term project financing loan amount USD18,406 (TRY96,830) (31 December 2017: USD78,732 (TRY296,969). It is known that the companies operating under energy sector have commenced negotiations with the banks in order to restructure their financial liabilities due to the fact that the price for 1 MWh electricity decreased to 49 (exact) dollars in 2017 whereas it was 78 (exact) dollars in 2013, accompanied by depreciation of TL. Boyabat Elektrik was also significantly affected both by the decrease in electricity prices and the depreciation of the Turkish Lira and as of 31 December 2018, it went into default of its loans and started to negotiate with financial institutions as of the end of 2017. In this context, a letter of bid was signed with the banks in December 2018. Accordingly, negotiations on the completion of the loan agreement to be re-structured are ongoing and it is expected that the loan agreement will be signed in 2019.

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

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

	2018	2017
1 January	**48,073**	**96,178**
Dividend income from joint ventures	-	(298)
Currency translation differences	53,090	14,987
Share of gain (loss) on investments accounted for by the equity method	(192,532)	(74,840)
Capital increase	5,346	14,482
Actuarial gains (losses) on defined benefit plans	(266)	(626)
Guarantee payment [1]	358,844	-
Impairment of joint ventures [2]	(302,376)	-
Disposal	-	(1,810)
31 December	**(29,821)**	**48,073**

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

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

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

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

Condensed statement of financial position information:

31 December 2018	**Boyabat Elektrik**	**Aslancık Elektrik**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Ultra Kablolu**	**Doğan Egmont**	**Total**
Cash and cash equivalents	6,275	8,278	392	7,365	21,803	207	2,061	46,381
Other current assets	49,323	5,705	1,554	-	25,481	6,922	60,031	149,016
Other non-current assets	1,730,332	448,785	186,921	788,341	4,806	87	6,642	3,165,914
Total assets	**1,785,930**	**462,768**	**188,867**	**795,706**	**52,090**	**7,216**	**68,734**	**3,361,311**
Short-term borrowings	4,276,713	240,784	-	-	-	-	3,000	4,520,497
Other short-term liabilities	31,562	103,856	103	360	18,761	8	29,236	183,886
Long-term borrowings	-	280,581	-	-	-	-	-	280,581
Other long-term liabilities	194,845	398	12,407	1,269	8,310	17	-	217,246
Total liabilities	**4,503,120**	**625,619**	**12,510**	**1,629**	**27,071**	**25**	**32,236**	**5,202,210**
Net assets:	(2,717,190)	(162,851)	176,357	794,077	25,019	7,191	36,498	(1,840,899)
Group's share	*0.33*	*0.33*	*0.50*	*0.50*	*0.45*	*0.50*	*0.50*	
Group's net asset share	**(96,830)**	**(54,278)**	**88,178**	**-**	**11,264**	**3,596**	**18,249**	**(29,821)**

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

Condensed statement of financial position information (Continued):

31 December 2017	Boyabat Elektrik	Aslancık Elektrik	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Ultra Kablolu	Doğan Egmont	DPP	Total
Cash and cash equivalents	1,049	17,611	1,641	482	13,259	20	549	479	35,090
Other current assets	52,075	8,317	8	-	31,832	6,919	58,524	1,510	159,185
Other non-current assets	1,843,666	424,527	169,387	493,892	6,129	113	6,543	537	2,944,794
Total assets	**1,896,790**	**450,455**	**171,036**	**494,374**	**51,220**	**7,052**	**65,616**	**2,526**	**3,139,069**
Short-term borrowings	417,596	110,647	-	-	-	4,523	1,500	-	534,266
Other short-term liabilities	64,921	33,363	23	968	20,280	9	25,685	375	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	16	-	1,804	186,035
Total liabilities	**3,223,328**	**490,579**	**8,964**	**1,768**	**28,090**	**4,548**	**27,185**	**2,179**	**3,786,641**
Net assets:	(1,326,538)	(40,124)	162,072	492,606	23,130	2,504	38,431	347	(647,572)
Group's share	*0.33*	*0.33*	*0.50*	*0.50*	*0.45*	*0.50*	*0.50*	*0.56*	
Group's net asset share	**(296,969)**	**(13,373)**	**81,036**	**246,303**	**10,413**	**1,252**	**19,216**	**195**	**48,073**

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

1 January -31 December 2018	**Boyabat Elektrik**	**Aslancık Elektrik**	**Doruk Finansman[1]**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Ultra Kablolu**	**Doğan Egmont**
Revenue	141,509	113,984	-	-	-	86,519	-	59,187
Operating profit/(loss)	7,351	44,585	-	17,257	(812)	3,658	(90)	(3,509)
Net financial (expense)/income	(1,369,174)	(205,689)	-	601	(38)	(224)	(364)	(599)
Profit/(loss) before income tax	(1,361,823)	(161,104)	-	17,858	(850)	3,443	(430)	(4,107)
Currency translation differences	-	-	-	-	94,826	-	-	-
Total comprehensive income/(loss)	**(1,386,940)**	**(122,727)**		**14,285**	**93,977**	**2,480**	**(430)**	**(1,932)**
Group's share	*0.33*	*0.33*	*0.48*	*0.50*	*0.50*	*0.45*	*0.50*	*0.50*
Group's net share on profit/(loss)	**(158,705)**	**(40,905)**	**-**	**7,143**	**-**	**1,116**	**(215)**	**(966)**

1 January - 31 December 2017	**Boyabat Elektrik**	**Aslancık Elektrik**	**Doruk Finansman[1]**	**Kandilli Gayrimenkul**	**Gas Plus Erbil**	**Doğan Burda**	**Ultra Kablolu**	**Doğan Egmont**	**DPP**
Revenue	285,528	82,612	3,132	-	-	80,437	-	70,804	4,587
Operating profit/(loss)	6,121	24,728	(5,032)	20,930	(706)	(3,860)	(424)	8,884	(403)
Net financial (expense)/income	(512,736)	(66,096)	-	151	(37)	(192)	212	1,208	-
Profit/(loss) before income tax	(506,615)	(41,368)	(4,882)	21,082	(769)	(3,971)	(212)	3,896	(403)
Currency translation differences	-	-	-	-	29,974	-	-	-	-
Total comprehensive income/(loss)	**(514,327)**	**(38,048)**	**(4,404)**	**18,741**	**29,205**	**(3,079)**	**(212)**	**6,142**	**(430)**
Group's share	*0.33*	*0.33*	*0.48*	*0.50*	*0.50*	*0.45*	0.50	0.50	0.56
Group's net share on profit/(loss)	**(70,369)**	**(12,681)**	**(2,114)**	**9,371**	**(385)**	**(1,386)**	**(106)**	**3,071**	**(241)**

[1] Explained in Note 3

(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 December 2018	1 January - 31 December 2017
Fuel retail	8,106,761	5,435,818
Electricity production and trade	2,194,063	1,053,912
Industry	427,460	312,344
Automotive trade and marketing	284,683	307,292
Financing and investment	275,717	105,343
Internet and entertainment	316,936	184,611
Real estate investments	75,252	57,748
Other	465,566	281,554
	12,146,438	**7,738,622**

b) Profit/(loss) before income tax

	1 January - 31 December 2018	1 January - 31 December 2017
Fuel retail	(506,849)	23,449
Electricity production and trade	70,718	21,043
Industry	30,893	18,237
Automotive trade and marketing	(35,312)	7,374
Financing and investment	4,499,406	(172,127)
Internet and entertainment	2,919	35,110
Real estate investments (1)	(429,449)	163,390
Other	62,073	113,654
	3,694,399	**210,130**
Profit/(Loss) of discontinued operations before income taxes	(57,710)	(358,320)
	3,636,689	**(148,190)**

(1) As explained in detail in Note 2.1.5, part of the pre-tax loss amounting to TRY 438,020 is resulted from netting off the increase in the retained earnings account due to the retroactive correction of the consolidated financial statements of profit or loss for the last quarter, in accordance with the principle resolution of the POA in the Official Gazette dated 21 July 2013 and 17 October 2018 "The Accounting of Business Combinations Subject to Common Control" and does not have any direct relationship with the acquisition of real estate and / or real estate activities.

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the year ended 1 January - 31 December 2018:

	Fuel Retail [1]	Electricity Production and Trade	Industry	Automotive Trade and Marketing	Financing and Investment	Internet and Entertainment	Real Estate Investments	Other	Inter Segment Elimination	Total
External revenue	8,106,761	2,194,063	427,460	284,683	275,717	316,936	75,252	465,566	-	12,146,438
Inter segment revenue	9,150	7,743	-	218	4,255	20,479	2,262	71,048	(115,155)	-
Total revenue	**8,115,911**	**2,201,806**	**427,460**	**284,901**	**279,972**	**337,415**	**77,514**	**536,614**	**(115,155)**	**12,146,438**
Revenue	8,115,911	2,201,806	427,460	284,901	279,972	337,415	77,514	536,614	(115,155)	12,146,438
Cost of sales	(7,791,960)	(2,026,758)	(329,274)	(237,368)	(170,529)	(184,739)	(28,588)	(376,046)	13,350	(11,131,912)
Gross profit/(loss)	**323,951**	**175,048**	**98,186**	**47,533**	**109,443**	**152,676**	**48,926**	**160,568**	**(101,805)**	**1,014,526**
General administrative expenses	(23,084)	(14,698)	(25,707)	(17,087)	(103,111)	(46,082)	(30,827)	(56,621)	38,561	(278,656)
Marketing expenses	(209,684)	(21,513)	(23,624)	(16,968)	-	(83,532)	(4,768)	(11,148)	7,942	(363,295)
Share of gain/(loss) on investments accounted for by the equity method	-	(40,905)	-	-	(158,705)	-	-	7,078	-	(192,532)
Other income/(expenses) from operating activities, net	(11,329)	97,313	1,070	(47)	1,010,088	(6,554)	961	(204)	(6,800)	1,084,498
Income/(expenses) from investment activities, net	(296,043)	36,327	920	320	3,716,916	(7,475)	(439,146)	3,099	-	3,014,918
Financial income/(expense), net	(290,660)	(160,854)	(19,952)	(49,063)	(75,225)	(6,114)	(4,595)	(40,699)	4,392	(642,770)
Profit/(loss) before taxation from continued operations	**(506,849)**	**70,718**	**30,893**	**(35,312)**	**4,499,406**	**2,919**	**(429,449)**	**62,073**	**(57,710)**	**3,636,689**
Loss before taxation from discontinued operations									**57,710**	

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

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the year ended 1 January - 31 December 2017:

	Fuel Retail [1]	Electricity Production and Trade	Industry	Automotive Trade and Marketing	Financing and Investment	Internet and Entertainment	Real Estate Investments	Other	Inter Segment Elimination	Total
External revenue	5,435,818	1,053,912	312,344	307,292	105,343	184,611	57,748	281,554	-	7,738,622
Inter segment revenue	11,901	21,910	-	4,555	22,513	81,086	15	258,351	(400,331)	-
Total revenue	**5,447,719**	**1,075,822**	**312,344**	**311,847**	**127,856**	**265,697**	**57,763**	**539,905**	**(400,331)**	**7,738,622**
Revenue	5,447,719	1,075,822	312,344	311,847	127,856	265,697	57,763	539,905	(400,331)	7,738,622
Cost of sales	(5,142,981)	(986,883)	(249,780)	(267,846)	(56,785)	(147,257)	(12,531)	(384,516)	17,259	(7,231,320)
Gross profit/(loss)	**304,738**	**88,939**	**62,564**	**44,001**	**71,071**	**118,440**	**45,232**	**155,389**	**(383,072)**	**507,302**
General administrative expenses	(25,805)	(7,441)	(17,552)	(11,625)	(78,800)	(29,094)	(13,834)	(30,537)	23,507	(191,181)
Marketing expenses	(195,462)	(21,195)	(17,769)	(25,471)	(1,736)	(62,258)	(6,448)	(10,631)	12,865	(328,105)
Share of gain/(loss) on investments accounted for by the equity method	(385)	(12,681)	-	-	(72,483)	-	-	10,709	-	(74,840)
Other income/(expenses) from operating activities, net	12,289	73,569	841	7,025	57,740	12,652	(13,625)	21,415	(11,895)	160,011
Income/(expenses) from investing activities, net	884	(182)	(13)	152	(113,292)	665	154,271	2,166	-	44,651
Financial income/(expenses), net	(72,810)	(99,966)	(9,834)	(6,708)	(34,627)	(5,295)	(2,206)	(34,857)	275	(266,028)
Profit/(loss) before taxation from continued operations	**23,449**	**21,043**	**18,237**	**7,374**	**(172,127)**	**35,110**	**163,390**	**113,654**	**(358,320)**	**(148,190)**
Loss before taxation from discontinued operations[1]									**358,320**	

[1] As explained in Note 30, after the sale and transfer of the shares of the direct or indirect subsidiaries operating in the broadcasting, publishing and retail segments, the Group's segment reporting structure is revised. Accordingly, the related amount represents the inter-segment elimination amount as a result of the classification of the results of the operations for these companies to the discontinued operations.

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NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets

	31 December 2018	31 December 2017	31 December 2016
Total assets			
Fuel retail	1,805,448	1,776,542	1,524,486
Electricity production and trade	1,257,741	1,192,803	731,784
Industry	293,455	228,372	193,283
Automotive trade and marketing	289,287	172,014	118,980
Financing and investment	8,670,647	8,850,506	8,149,331
Internet and entertainment (1)	665,262	576,622	167,905
Real estate investments	1,270,852	1,610,200	1,440,167
Other (1)	743,539	3,002,334	3,297,314
Total	**14,996,231**	**17,409,393**	**15,623,250**
Less: Segment elimination (2)	(4,046,421)	(6,831,541)	(6,221,801)
Total assets per consolidated financial statements	**10,949,810**	**10,577,852**	**9,401,449**

Equity	**31 December 2018**	**31 December 2017**	**31 December 2016**
Fuel retail	(99,454)	67,654	(1,068)
Electricity production and trade	177,466	112,155	28,859
Industry	58,372	41,309	27,236
Automotive trade and marketing	(30,203)	3,463	(2,575)
Financing and investment	11,556,844	7,637,560	7,439,279
Internet and entertainment(1)	(285,588)	(294,204)	(697,978)
Real estate investments	(39,491)	305,407	185,936
Other (1)	238,093	(26,948)	(1,509,431)
Total	**11,576,039**	**7,846,396**	**5,470,258**
Less: Segment elimination (3)	(4,914,361)	(4,885,230)	(2,237,635)
Total shareholders' equity per consolidated financial statements	**7,001,891**	**3,352,869**	**3,671,441**
Non-controlling interests	340,213	391,703	438,818
Equity attributable to equity holders of the parent company	**6,661,678**	**2,961,166**	**3,232,623**

(1) As explained in Note 30, after the sale and transfer of the shares of the direct or indirect subsidiaries operating in the broadcasting, publishing and retail segments, the Group's segment reporting structure is revised. As of 31 December 2017 and 2016, the financial statements of the companies subject to sale are presented under the segment "Other". As of 31 December 2018, 2017 and 2016, information on the statement of financial position of subsidiaries, whose main activities are "Internet and Entertainment", as explained in detail in Note 1, are disclosed under this segment.

(2) Segment elimination amount consists of the elimination of mutual payables and receivables balances between the Group's operating segments.

(3) Segment elimination amount represents the reciprocal elimination of the adjusted capital amounts in each segment's total equity amount with participation amounts.

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NOTE 5 - SEGMENT REPORTING (Continued)

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

Purchases	1 January - 31 December 2018	1 January - 31 December 2017
Fuel retail	218,428	192,384
Electricity production and trade	6,508	195,588
Industry	38,517	24,320
Automotive trade and marketing	2,745	21,245
Financing and investment	7,394	2,914
Internet and entertainment	48,870	17,155
Real estate investments	4,809	27,921
Other	40,564	22,363
Purchases related to sold companies	183,583	508,556
Total	**551,418**	**1,012,446**

Depreciation and amortization [1]	1 January - 31 December 2018	1 January - 31 December 2017
Fuel retail	138,004	103,469
Electricity production and trade	30,581	28,555
Industry	11,493	9,428
Automotive trade and marketing	7,594	11,133
Financing and investment	2,011	1,988
Internet and entertainment	29,368	27,191
Real estate investments	1,610	1,682
Other	10,125	29,657
Depreciation and amortization related to sold companies	118,076	401,510
Total	**348,862**	**614,613**

(1) Depreciation expense related to other segment amounting to TRY 284 has been recognised under inventory account (31 December 2017: TRY 138).

(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 December 2018, 31 December 2017 and 31 December 2016 are as follows:

	31 December 2018	31 December 2017	31 December 2016
Cash	7,184	9,243	7,484
Banks			
- Demand deposits	276,370	215,442	173,937
- Time deposits	3,524,297	1,379,444	1,226,385
Other liquid assets	10,115	104,529	104,539
	3,817,966	**1,708,658**	**1,512,345**

As of 31 December 2018 the gross effective interest rates of USD, EUR and TRY denominated time deposits of the Group are between gross 2.00% and 5.80% (31 December 2017: 1.00% and 4.00% and 31 December 2016: 0.35% and 3.59%), 1.10% and 3.40% (31 December 2017: 0.01% and 1.85%, 31 December 2016: 0.01% and 2.00%) and 14% and 27.00% (31 December 2017: 1.00% and 15.00% and 31 December 2016: 2.00% and 11.60%) and the maturity of the time deposits is shorter than 3 months.

As of 31 December 2018 other liquid assets consist of credit card slip receivables amounting to TRY 10,115 (31 December 2017: TRY 104,529 31 December 2016: TRY 104,539). As of 31 December 2018, there are blocked deposits amounting to TRY 18,518 (31 December 2017: None, 31 December 2016: TRY 31).

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

	31 December 2018	31 December 2017	31 December 2016
Cash and cash equivalents	3,817,966	1,708,658	1,512,345
Accrued interest (-)	(8,602)	(641)	(3,286)
Cash and cash equivalents	**3,809,364**	**1,708,017**	**1,509,059**

As explained in Note 30, Group provided TRY 4,100,976 cash inflow due to asset sales in the period.

(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 financial assets classified as short term financial investments are as follows:

	31 December 2018	31 December 2017
Private sector bonds and bills		
Financial assets carried at fair value through other comprehensive income	*422,962*	*70,808*
Financial assets carried at fair value through profit or loss	*720*	*933*
Blocked deposits [1]	-	2
	423,682	**71,743**

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

Private sector bonds and bills are dominated in TRY, USD and EUR and their interest rates range are annually 3.92% - 20.50%, 4.00% - 8.75% and 5.20%, respectively (31 December 2017: TRY 15.68% and USD 5.36%).

b) Long-term financial investments

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

	31 December 2018		31 December 2017	
	TRY	(%)	TRY	(%)
Financial assets carried at fair value through other comprehensive income [1]				
Lexin Nassau L.P. [2] [3]	*142,165*	*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 carried at fair value through profit or loss				
GRI Gıda Sanayi ve Ticaret A.Ş. [5]	*20,813*	*5.79*	-	-
Mediterra Capital Partners I LP	*9,419*	*1.88*	*10,665*	*1.88*
Mediterra Capital Partners II LP	*7,095*	*2.23*	*3,750*	*2.23*
Insider SG PTE Limited [6]	*8,718*	*3.28*	*5,191*	*3.28*
Düş Yeri Bilişim Teknolojileri ve Animasyon A.Ş.	*7,874*	*3.75*	*2,653*	*3.75*
	196,084		**125,137**	

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

(2) Nassau L.P. is included in the long-term investments of M Investment, a subsidiary of the Group.The related investment is accounted for as an available-for-sale financial asset and the fair value of the asset according to valuation report is TRY 142,165 (equivalent of USD 27,023) as of 31 December 2018.Accordingly, increase in value amounting to TRY 8,157 and the foreign currency translation difference amounting to TRY 30,700 have been accounted in the other comprehensive income statement for the year ended 31 December 2018. The Group has participated in Lexin Nassau L.P.'s capital increase on 26 June 2018 by TRY 7,227 (equivalent to USD 1,520) and on 11 April 2017 by TRY 2,208 (equivalent to USD 600) in the ratio of its share.

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

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

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

(5) On 16 November 2018, the Group has participated in Gri Gıda Sanayi ve Ticaret A.Ş., which was established to invest in Tavuk Dünyası and only has Tavuk Dünyası's shares in its assets, through its subsidiary Öncü Girişim.

(6) Shares of Sosyo Plus Bilgi Bilişim Teknolojileri Danışmanlık Hizmetleri Ticaret A.Ş. have been transferred to Insider SG PTE Limited on 19 January 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	26,670	16,124
Change in fair value		
Recognized in equity	*8,157*	*22,565*
Recognized in the statement of income	*4,991*	*3,784*
Currency translation differences	30,700	2,740
Capital increases	7,227	3,208
Subsidiary disposal	(6,798)	-
31 December	**196,084**	**125,137**

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS

a) Financial borrowings

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

Short-term borrowings:	**31 December 2018**	**31 December 2017**
Short-term bank borrowings	1,437,919	1,491,156
Financing bond (*)	57,541	66,916
Factoring borrowings	14,745	-
Finance lease borrowings	3,964	151
Total	**1,514,169**	**1,558,223**

Short-term portions of long-term borrowings:	**31 December 2018**	**31 December 2017**
Short-term portions of long-term bank borrowings	348,659	1,059,380
Total	**348,659**	**1,059,380**

(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)

Long-term borrowings:	**31 December 2018**	**31 December 2017**
Long-term bank borrowings	622,216	747,215
Finance lease borrowings	3,597	-
Total	**625,813**	**747,215**

(*) The Group's subsidiary, Doruk Faktoring, issued and sold bonds to qualified investors, without a public offering , on 6 September 2018. The nominal value of the bonds amounts to TRY 55,000,000 (exact) with the maturity of 176 days. The bonds are issued with floating rate coupons and simple interest rate until the first coupon payment term is 6,6152% and the annual interest rate is 27,4380%. The first coupon payment of TRY 55,000,000 (exact) nominally was made on 3 December 2018 and the second coupon and principal payment term is 1 March 2019. Additionally, The Group's subsidiary, Suzuki, issued and sold discounted bonds to qualified investors, without a public offering, on 14 November 2018. The nominal value of the bonds amounts to TRY40,000,000 (exact) with the maturity of 179 days. The simple interest rate is 31.50% annually and the compound interest rate is 34.03% and the maturity date is 14 May 2019. Nominal amounts of TRY35,216,433.64 (exact) of aforementioned bonds that are purchased by Doğan Holding, is eliminated from the consolidation with the interest acquired and accrued.

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

a) Financial borrowings (Continued)

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

	31 December 2018			31 December 2017		
	Interest rate per annum (%)	**Original currency**	**TRY**	**Interest rate per annum (%)**	**Original currency**	**TRY**
Short-term bank borrowings:						
TRY denominated bank borrowings	15.40 - 37.45	1,095,303	1,095,303	4.30 - 19.00	1,209,567	1,209,567
USD denominated bank borrowings	5.00 - 5.90	29,627	155,867	2.48 - 2.97	13,521	50,999
EUR denominated bank borrowings	1.00 - 4.25	30,980	186,749	0.75 - 3.75	48,956	221,062
Other bank borrowings		-	-	12.51 - 12.51	145,500	9,528
Subtotal			**1,437,919**			**1,491,156**
Short-term financing bonds:						
TRY denominated financing bonds			57,541	-		66,916
Subtotal			**57,541**			**66,916**
Short-term portion of long-term bank borrowings:						
TRY denominated bank borrowings	15.69 - 32,5	76,658	76,658	5.50 - 17.33	445,856	445,856
USD denominated bank borrowings	5.98 - 6.40	6,683	35,158	3.7 - 5.34	32,304	121,848
EUR denominated bank borrowings	0.65 - 4.69	39,290	236,843	2 - 5.71	108,886	491,676
Subtotal			**348,659**			**1,059,380**
Total short-term bank borrowings and financing bonds			**1,844,119**			**2,617,452**
Long term bank borrowings:						
TRY denominated bank borrowings	5.00 - 17.75	210,117	210,117	5.5 – 16.5	360,863	360,863
USD denominated bank borrowings	5.98 - 6.00	20,070	105,586	-	-	-
EUR denominated bank borrowings	0.65 - 4.69	50,848	306,513	2.15 - 4.67	79,180	357,539
Other bank borrowings	-	-	-	12.33 - 12.33	440,000	28,813
Total long-term bank borrowings			**622,216**			**747,215**

(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 December 2018 and 31 December 2017 are as follows:

	31 December 2018	31 December 2017
Cash and cash equivalents (Note 6)	3,817,966	1,708,658
Short term borrowings	(1,862,828)	(2,617,603)
Long term borrowings	(625,813)	(747,215)
Other financial liabilities	-	(666,291)
Net financial assets/(liabilities)	**1,329,325**	**(2,322,451)**

	Short and long term borrowings	Cash and cash equivalents	Net financial liability
Balances as of 1 January 2018	**4,031,109**	**(1,708,658)**	**2,322,451**
Cash flow effect	(295,741)	(1,067,379)	(1,363,120)
Effect of acquisition of subsidiary	20,032	735	20,767
Currency translation adjustments	(276,700)	(1,321,251)	(1,597,951)
Interest accrual, net	116,880	8,602	125,482
Effect of disposal of subsidiary (Note 30)	(1,106,939)	269,985	(836,954)
Balances as of 31 December 2018	**2,488,641**	**(3,817,966)**	**(1,329,325)**

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

	31 December 2018	31 December 2017
2018	-	61,851
2019	4,397	459,607
2020	418,093	134,179
2021 and after	199,726	91,578
	622,216	**747,215**

The floating rate short and long term bank borrowings of the Group denominated in EUR have interest rates fluctuating between Euribor + 0.65% and Euribor + 4.69% (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.

(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)

Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through financial leasing agreements. As of 31 December 2018, total lease payment commitments of the Group relating to such short and long term lease agreements are TRY 7,561 (31 December 2017: TRY 151).

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

	31 December 2018	31 December 2017
2019 and after	3,597	-
Total	**3,597**	**-**

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

	31 December 2018	31 December 2017
Financial borrowings with fixed interest rates (Note 34)	2,027,495	2,798,258
Financial borrowings with floating interest rates (Note 34)	461,146	566,560
Total	**2,488,641**	**3,364,818**

b) Other financial liabilities

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

Other long term financial liabilities:	31 December 2018	31 December 2017
Sales and purchase options of shares (Note 17)	-	666,291
	-	**666,291**

(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

Short-term trade receivables from non- related parties	31 December 2018	31 December 2017	31 December 2016
Trade receivables	1,644,711	2,200,309	1,546,364
Notes and cheques receivable	280,408	278,457	221,861
Income accruals	2,436	15,639	6,209
Total	**1,927,555**	**2,494,405**	**1,774,434**
Less: Unearned financial income due to sales with maturity	(14,281)	(9,507)	(11,907)
Less: Provision for expected credit losses (-)	(1,366)	-	-
Less: Provision for doubtful receivables (-)	(92,574)	(257,243)	(273,204)
Total	**1,819,334**	**2,227,655**	**1,489,323**

The average maturity of not overdue trade receivables of the Group that are followed up by Doruk Faktoring is between 76 to 85 days as of the statement of financial position date (31 December 2017: 72 - 104 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is TRY 23.59%, USD 4.82%, EUR 2.92% (31 December 2017: TRY 15.38%, USD 3.75%, EUR 2.41%). The rate used in this method is determined on the basis of compound interest called "effective interest rate"; which has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

Long-term trade receivables from non- related parties	31 December 2018	31 December 2017
Notes and cheques receivable [(1)]	60,106	30,380
Unearned financial income due to sales with maturity	(15,051)	(8,597)
	45,055	**21,783**

[(1)] The net amount consists of long term notes receivable due to the fuel sales amounting to gross TRY 42,458 (31 December 2017: TRY 30,120) and other trade activities of TRY 17,648 (31 December 2017: TRY 260) with a discounted amount of TRY 27,406 (31 December 2017: TRY 21,604) and other activities of TRY 17,649 (31 December 2017: TRY 179).

(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)

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

	2018	2017
1 January	**(257,243)**	**(273,204)**
Opening effect of TFRS 9 (Note 2)	(981)	-
Reported	**(258,224)**	**(273,204)**
Provision from continued operations in the current period (Note 27)	(41,593)	(9,274)
Expected credit loss	(1,366)	-
Written off uncollectible receivables [1]	1,965	42,642
Currency translation differences	(778)	(1,180)
Collection and provision related to discontinued operations	-	(42,798)
Collections and reversal of provisions	-	26,357
Disposal of subsidiary	207,422	214
31 December	**(92,574)**	**(257,243)**

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

Guarantees for trade receivables

As of 31 December 2018, although trade receivables amounting to TRY 119,977 (31 December 2017: TRY 281,864 31 December 2016: TRY 221,016), were overdue, they were not assessed as doubtful receivable (Note 34). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

As of 31 December 2018, the Group has collateral, pledge, mortgage and surety amounting to TRY 1,074,084 (31 December 2017: TRY 539,298, 31 December 2016: TRY 375,476) for trade receivables amounting to TRY 1,864,389 (31 December 2017: TRY 2,249,438, 31 December 2016: TRY 1,514,581) from non-related parties (Note 34).

(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)

Short-term trade payables to non-related parties

	31 December 2018	31 December 2017	31 December 2016
Trade payables	791,423	1,199,449	912,298
Provision for liabilities and expenses	20,649	68,999	32,298
Other payables	12,128	23,311	4,778
Less: Unrealized finance expense due to purchases with maturity	(4,797)	(8,288)	(5,840)
Total	**819,403**	**1,283,471**	**943,534**

The average maturity of trade payables is between 40 to 104 days as of 31 December 2018 (31 December 2017: 36 to 113 days, 31 December 2016: 34 to 192 days). The maturity of the trade payables of the Group varies and the effective interest rate applied for trade payables is TRY 23.59%, USD 4.82%, EUR 2.92% (31 December 2017: TRY 15.38%, USD 3.75%, EUR 2.41%). The rate used in this method is determined on the basis of compound interest called "effective interest rate"; which has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 December 2018	31 December 2017
Other short-term receivables from non-related parties		
TEİAŞ power transmission line receivables	5,990	7,259
Notes receivables	3,750	13,412
Other miscellaneous receivables	1,308	8,099
Total	**11,048**	**28,770**

Other long-term receivables from non-related parties	**31 December 2018**	**31 December 2017**	**31 December 2016**
Notes receivables	-	16,156	24,080
Deposits and guarantees given	-	3,401	3,000
Receivables from the sale of investment property	-	122	1,878
TEİAŞ power transmission line receivables	-	-	249
Total	**-**	**19,679**	**29,207**

(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 (Continued)

Other short-term payables to non-related parties	**31 December 2018**	**31 December 2017**	**31 December 2016**
Taxes and funds payable	105,875	120,597	88,813
Tax base increase payables	1,591	2,913	2,331
Deposits and guarantees received	36	1,622	1,162
Other short-term payables [1]	17,655	23,925	139,940
Total	**125,157**	**149,057**	**232,246**

Other long-term payables to non-related parties	**31 December 2018**	**31 December 2017**	**31 December 2016**
Tax base increase payables	-	932	2,431
Deposits and guarantees received	1,566	12,778	13,346
Other long-term payables[1]	54,579	1,302	105,012
Total	**56,145**	**15,012**	**120,789**

[1] Other short-term other payables consist of the payables of the Group's subsidiaries related to dealer transfer contracts and the debt arising from the transactions other than the other commercial activities.However, other long-term liabilities consist of the non-financial liabilities of Aytemiz Akaryakıt, one of the Group's subsidiaries.

NOTE 11 - INVENTORIES

	31 December 2018	**31 December 2017**
Finished goods and merchandise	459,342	444,973
Raw materials and supplies	171,043	122,700
Semi-finished goods	15,308	10,376
Other inventories	1,545	29,861
Provision for impairment of inventory (-)	(1,992)	(5,948)
Total	**645,246**	**601,962**

Depreciation and amortization expenses amounting to TRY 284 have been included in cost of inventories as of 31 December 2018 (31 December 2017: TRY 138).

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

	2018	**2017**
1 January	**(5,948)**	**(11,158)**
Reversal of provision for impairment of inventories	11	384
Provision booked in the current period (Note 27)	(330)	(167)
Disposals from sale of subsidiary	4,275	4,993
31 December	**(1,992)**	**(5,948)**

NOTE 12 - BIOLOGICAL ASSETS

As of 31 December 2018, the amount of biological assets of the Group's subsidiary Kelkit Doğan Besi is TRY 21,174 (31 December 2017: None).

(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 periods ended 31 December 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Disposal of subsidiary	Currency translation differences	Fair value adjustment[1]	31 December 2018
Land	411,250	-	-	(137,053)	-	(22,095)	252,102
Buildings	1,441,717	12,737	(24,473)	(54,439)	28,030	(440,994)	962,578
Net book value	**1,852,967**	**12,737**	**(24,473)**	**(191,492)**	**28,030**	**(463,089)**	**1,214,680**

	1 January 2017	Additions	Disposals	Transfers	Currency translation differences	Fair value adjustment[1]	31 December 2017
Land	428,092	28,148	(24,337)	(24,250)	(223)	3,820	411,250
Buildings	1,277,502	20,033	(23,813)	-	12,826	155,169	1,441,717
Net book value	**1,705,594**	**48,181**	**(48,150)**	**(24,250)**	**12,603**	**158,989**	**1,852,967**

(1) The Group has accounted for a fair value correction of TRY 463,089 (31 December 2017: TRY 158,989), in the purchase and sale transactions in the current period regarding the land and buildings considering the appraisal value in the real estate appraisal report.Adjustment amounting to TRY 438,020 results from the restatement of the consolidated financial statements in accordance with the principle resolution of the POA published in the Official Gazette dated 21 July 2013 and 17 October 2018 "The Accounting of Business Combinations Subject to Common Control" as explained in detail in Note 2.1.5 and Note 3.

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

(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 (Continued)

As of 31 December 2018, the investment properties of the Group comprise of parts of buildings held to earn rentals, lands and properties.

Level reclassification of financial assets and liabilities measured at fair value

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

Some of the financial assets and financial liabilities of the Group are reflected at their fair values to the financial statements at every statement of financial position date. According to the accounting policies stated in Note 2.2, The Group's investment properties were valued as of 31 December 2018. The following table gives information on how the fair values of the related financial asset and liabilities were determined:

				Fair value level as of the reporting date		
	Fair Value			Level 1	Level 2	Level 3
	31 December 2018	31 December 2017(*)	31 December 2016(*)			
Investment properties	1,214,680	1,852,967	1,705,594	850,000	364,680	-

(*) As of 31 December 2017 and 2016, the fair value of investment properties is Level 2.

(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 periods ended 31 December 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Transfer (Note 15)	Acquisition of subsidiary	Currency translation differences	Disposal of subsidiary [(2)]	31 December 2018
Cost:								
Land and land improvements	201,879	244	(234)	1,256	130	1,619	(31,753)	173,141
Buildings	126,411	21,271	(47)	1,875	-	7,713	(72,094)	85,129
Machinery and equipment	1,430,139	21,144	(9,283)	78,899	25,928	8,205	(750,540)	804,492
Motor vehicles	144,403	14,774	(14,875)	-	-	686	(9,068)	135,920
Furniture and fixtures	519,146	23,693	(3,821)	3,057	5,941	413	(446,613)	101,816
Development costs of leased tangible assets	141,537	5,447	(14)	-	-	1,635	(71,402)	77,203
Other tangible assets	164,081	30,318	(2,156)	98	-	238	(46,698)	145,881
Construction in progress	116,389	99,053	(41,134)	(87,690)	-	44	(46,166)	40,496
	2,843,985	**215,944**	**(71,564)**	**(2,505)**	**31,999**	**20,553**	**(1,474,334)**	**1,564,078**
Accumulated depreciation:								
Land and land improvements	4,974	453	(11)	-	-	-	(405)	5,011
Buildings	62,432	5,275	(23)	-	-	6,882	(8,496)	66,070
Machinery and equipment	941,701	44,711	(8,169)	-	371	6,506	(696,771)	288,349
Motor vehicle	39,439	13,013	(8,233)	-	-	541	(4,383)	40,377
Furniture and fixtures	323,833	15,815	(2,359)	-	157	359	(289,562)	48,243
Development costs of leased tangible assets	84,305	5,733	(7)	-	-	1,002	(61,425)	29,608
Other tangible assets	64,014	19,913	(1,305)	(88)	-	138	(29,682)	52,990
	1,520,698	**104,913**	**(20,107)**	**(88)**	**528**	**15,428**	**(1,090,724)**	**530,648**
Net book value	**1,323,287**							**1,033,430**

(1) Explained in Note 3.
(2) Explained in Note 30.

As of 31 December 2018, there is no mortgage on property, plant and equipment. (31 December 2017: TRY 22,578). As of 31 December 2018, the Group has tangible fixed assets acquired by financial leasing amounting to TRY 7,561 (31 December 2017: TRY 151).

(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	Provision/ reversal for impairment	Disposal of subsidiary	Acquisition of subsidiary	Currency translation differences	Provision for impairment classified to discontinued operations	31 December 2017
Cost:										
Land and land improvements	182,821	24,748	(12,725)	228	4,118	-	128	2,561	-	201,879
Buildings	130,169	25,593	(413)	(28,223)	(2,834)	-	-	2,912	(793)	126,411
Machinery and equipment	1,228,635	102,479	(4,331)	82,199	-	(216)	5	21,368	-	1,430,139
Motor vehicles	206,997	18,499	(81,439)	-	-	-	-	346	-	144,403
Furniture and fixtures	506,879	43,634	(31,398)	2,093	-	(44)	313	1,034	(3,365)	519,146
Development costs of leased tangible assets	121,640	17,145	(4,939)	6,394	-	(2)	785	754	(240)	141,537
Other tangible assets	125,314	39,208	(987)	-	-	-	-	546	-	164,081
Construction in progress	121,153	176,008	(2,710)	(178,073)	-	-	-	19	(8)	116,389
	2,623,608	**447,314**	**(138,942)**	**(115,382)**	**1,284**	**(262)**	**1,231**	**29,540**	**(4,406)**	**2,843,985**
Accumulated depreciation:										
Land and land improvements	5,549	448	(527)	(575)	-	-	79	-	-	4,974
Buildings	84,630	28,228	(133)	(51,956)	-	-	-	2,287	(624)	62,432
Machinery and equipment	882,114	42,200	(3,063)	2	-	(216)	4	20,660	-	941,701
Motor vehicles	57,401	16,972	(35,225)	-	-	-	-	291	-	39,439
Furniture and fixtures	299,874	45,032	(18,827)	10	-	(42)	199	864	(3,277)	323,833
Development costs of leased tangible assets	73,685	12,265	(2,531)	-	-	(2)	748	380	(240)	84,305
Other tangible assets	47,754	16,486	(512)	-	-	-	-	286	-	64,014
	1,451,007	**161,631**	**(60,818)**	**(52,519)**	**-**	**(260)**	**1,030**	**24,768**	**(4,141)**	**1,520,698**
Net book value	**1,172,601**									**1,323,287**

(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 periods ended 31 December 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Currency translation differences	Transfer (Note 14)	Disposal of subsidiary [(1)]	31 December 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	625,503	30,291	(12,888)	3,972	2,503	(453,928)	195,453
	1,292,413	**30,291**	**(12,888)**	**13,068**	**2,503**	**(767,414)**	**557,973**
Accumulated amortization:							
Customer list	260,234	-	-	8,110	-	(268,344)	-
Trade names	4,331	1,575	-	-	-	-	5,906
Trade names related to Media segment	38,832	4	-	747	-	(39,583)	-
Electricity production license	29,741	7,647	-	-	-	-	37,388
Other	472,574	20,837	(9,707)	4,245	88	(358,211)	129,826
	805,712	**30,063**	**(9,707)**	**13,102**	**88**	**(666,138)**	**173,120**
Dealer agreements	235,117						265,970
Television programme rights	225,877						32,411
	947,695						**683,234**

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

	1 January 2018	Additions	Depreciation	Currency translation differences	Disposal of subsidiary[(1)]	31 December 2018
Dealer agreements	235,117	130,022	(99,169)	-	-	265,970
Television programme rights	225,877	162,424	(115,001)	4,832	(245,721)	32,411

[(1)] Explained in Note 30.

(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:

	1 January 2017	Additions	Disposals	Currency translation differences	Acquisition of subsidiary	Disposal of subsidiary	Discontinued operations	Transfer	31 December 2017
Cost									
Customer list	289,292	-	(4,184)	13,551	-	-	(38,425)	-	260,234
Trade names	7,876	-	-	-	-	-	-	-	7,876
Trade names related to Media segment	222,805	228	-	56,157	-	-	(235,034)	-	44,156
Electricity production license	354,644	-	-	-	-	-	-	-	354,644
Other	584,868	59,933	(4,064)	(5,710)	4,084	(1,443)	(13,098)	933	625,503
	1,459,485	**60,161**	**(8,248)**	**63,998**	**4,084**	**(1,443)**	**(286,557)**	**933**	**1,292,413**
Accumulated amortization:									
Customer list	233,574	2,320	(4,180)	28,520	-	-	-	-	260,234
Trade names	2,756	1,575	-	-	-	-	-	-	4,331
Trade names related to Media segment	34,934	320	-	3,578	-	-	-	-	38,832
Electricity production license	22,094	7,647	-	-	-	-	-	-	29,741
Other	434,124	57,410	(7,801)	(5,198)	2,377	(978)	(7,465)	105	472,574
	727,482	**69,272**	**(11,981)**	**26,900**	**2,377**	**(978)**	**(7,465)**	**105**	**805,712**
Dealer agreements	225,467								235,117
Television programme rights	159,478								225,877
	1,116,948								**947,695**

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

	1 January 2017	Additions	Depreciation	Currency translation differences	Disposal of subsidiary	31 December 2017
Dealer agreements	225,467	86,571	(76,921)	-	-	235,117
Television programme rights	159,478	370,219	(306,927)	3,143	(36)	225,877

(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 December 2017 TRY 368,453 of the total goodwill amounting to TRY 403,713 in the consolidated statement of financial position has been derecognized from the consolidated statement of financial position due to disposal of subsidiaries, an impairment of TRY 7,996 was accounted for and as of 31 December 2018, a goodwill amounting to TRY 7,212 was recognised in the consolidated statement of financial position due to the business combination the details of which were disclosed in Note 3 to the consolidated financial statements. As of 31 December 2018 and 31 December 2017, goodwill movement is as follows:

	2018	**2017**
1 January	**403,713**	**403,713**
Additions (Note 3)	7,212	-
Impairment	(7,996)	-
Subsidiary sales effect	(368,453)	-
31 December	**34,476**	**403,713**

NOTE 16 - GOVERNMENT GRANTS

Ditaş, a subsidiary of the Group, benefits from the insurance premium incentive, regional incentive (Law no: 56486), incentive of the social security institution and minimum wage (Law no: 56645) under the scope of Social Security and General Health Insurance Law (Law no: 5510) and (Law no: 5746) R&D incentive. In this context, the incentive of the insurance premium amounting to TRY 886 (31 December 2017: TRY 792) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 December 2018. These incentives are valid until 31 December 2020.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	**31 December 2018**	**31 December 2017**
Provision for lawsuits and indemnity	6,440	29,001
Other	1,549	7,723
	7,989	**36,724**

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

	2018	**2017**
1 January	**29,001**	**36,459**
Additions in the current period (Note 27)	4,683	1,292
Currency translation differences	-	(34)
Payments of provisions	-	(8,013)
Disposal of subsidiary	(26,267)	549
Collection and provision related to discontinued operations	-	8,824
Reversal of provisions booked in prior periods	(977)	(10,076)
31 December	**6,440**	**29,001**

(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)

The Group reserved provisions of TRY 6,440 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 December 2017: TRY 29,001).

(a) Lawsuits

The amount of lawsuits filed against the Group is TRY 30,868 as of 31 December 2018 (31 December 2017: TRY 82,044).

	31 December 2018	31 December 2017
Legal cases	16,423	55,054
Commercial cases	9,395	16,336
Business cases	2,977	10,066
Other	2,073	588
Total (1)	**30,868**	**82,044**

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

(b) Share Purchase and the Shareholder Agreements

According to the details disclosed to public periodically in the consolidated financial statements and footnotes prepared as of 31 December 2017 and published on 8 March 2018, as it was disclosed to public periodically in our financial statement footnotes; per the Agreements between the parties, "in case an initial public offering was not made for the DTV shares of the Axel Springer Group ("Axel Shares") until 30 June 2017, in addition to re-adjusting the price, and a payment accordingly, the Axel Springer Group had a "put option" for all or a part of the Axel Shares to Doğan Holding, and Doğan Holding had a "commitment to buy" (DTV Put Option II). With the Agreement amended on 2 October 2014, unconditional "put option" was given to Axel Springer Group. Regarding Doğan Holding's unconditional "commitment to purchase," the remaining liability, which was recorded as long-term "other financial liability" of 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, has been amended the payment schedule for the "commitment to purchase," as disclosed to the public with a special circumstances disclosure on 06 April 2018. Financial liabilities amounting to TRY 838,591 comprise of accumulated discount amounting to TRY 60,566 and exchange rate effect amounting to TRY 111,734 has been paid on 16 May 2018 (Note 28).

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 the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at Istanbul Province, Pendik District, Kurtdoğmuş Village with an area of m² 2,238,207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 13 February 2019 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).

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 3 January 2019 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. At the hearing on 12 February 2019 for the annulment of the title of parcel no 1155, the court decided to defer the hearing to 18 April 2019 due to the continuation of the correspondence related to the case.

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, Kurtdoğmuş Village. It is also known that there have been objections to the relevant construction plan from third parties as well. After the appeals to the development plan, no information has been received from the relevant authorities regarding the evaluations by Milpa. During the 9 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 28 January 2019 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 Yenişehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including Pendik district Kurtdoğmuş neighborhood 1154 and 1155 parcels and Ballıca, Emirli, Kurna and Kurtdoğmuş neighborhoods were referred to Istanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations, 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. The objections of Milpa were rejected by İstanbul Municipality Parliamentary Commission. Milpa filed an action of nullity regarding modification of the plan note and the expert examining is under review. The case file is of administrative nature and there is no hearing date.

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.

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

(c) Other (Continued)

Milpa: (Continued)

The Land of Ömerli (Continued)

143,086 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 USD7,154 (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 143,086 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 13 February 2019 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 fact that the structuring conditions stated in the scale of 1/5000 Master Plan of the region where the land is located are low, on the other hand, the stages of the plan suspension and appeal process of the Master 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 2018. (As of 31 December 2017, the share of Milpa 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 456 has been recognised under operational expenses (31 December 2017: TRY 388). Additionally, no rental income has been recognised from the related property (31 December 2017: None).

(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 guarantee and guarantee notes given

	31 December 2018					31 December 2017					31 December 2016				
	TRY Equivalent	**TRY**	**USD**	**EUR**	**Other**	**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)	1,074,082	633,369	60,877	19,981	-	1,602,231	597,007	53,550	177,885	-	1,553,739	619,910	82,413	173,536	-
Pledge (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage (4)	-	-	-	-	-	22,578	-	-	5,000	-	24,114	-	-	6,500	-
B. CPM's given on behalf of the fully consolidated companies															
Collaterals (1)(2)	370,702	5,764	23,704	39,853	-	228,000	40,851	34,781	-	860,000	35,022	1,377	8,176	-	85,000
Pledge (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage (4)	-	-	-	-		415,940	3,256	109,410	-	-	357,056	1,598	99,949	1,002	-
C.CPM's given on behalf of 3rd parties for ordinary course of business	524,788	78,348	84,860	-	-	30,765	25,107	1,500	-	-	54,548	-	15,500	-	-
D.Total amount of other CPM's given															
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,969,572**					**2,299,514**					**2,024,479**	-	-	-	-

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

(2) Within the scope of the project of Aslancık Elektrik's hydroelectric power plant, Doğan Holding has given collateral to the credit institutions amounting to USD 23,704 and EUR 23,364 (31 December 2017: USD 29,630). There is a bail amounting to EUR 16,489 given for Galata Wind.

(3) 33.33% shares of Aslancık Elektrik, 33% shares of Boyabat Elektrik and 100% shares of Doel were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.

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

(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 guarantee and guarantee notes given (Continued)

Other CPM's given by the Group to equity ratio is 0% as of 31 December 2018 (31 December 2017 and 2016: %0). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 December 2018		31 December 2017		31 December 2016	
	Original currency	TRY equivalent	Original currency	TRY equivalent	Original currency	TRY equivalent
Letters of guarantees - TRY	664,519	664,519	661,954	661,954	619,910	619,910
Letters of guarantees - USD	100,448	528,447	88,982	335,632	97,913	344,576
Letters of guarantees - EUR	19,650	118,450	176,273	795,962	173,536	643,801
Letters of guarantees - Other	-	-	860,000	55,960	85,000	4,872
Guarantee notes - USD	45,289	238,261	849	3,204	8,176	28,773
Guarantee notes - TRY	47,198	47,198	1,006	1,006	1,377	1,377
Guarantee notes - EUR	331	1,995	1,612	7,278	-	-
Total		**1,598,870**		**1,860,996**		**1,643,309**

(b) Bails and mortgages given

The details of guarantees given by the Group for the financial liabilities and trade payables of the Group companies and related parties as of 31 December 2018, 31 December 2017 and 31 December 2016 are as follows:

	31 December 2018		31 December 2017		31 December 2016	
	Original currency	TRY equivalent	Original currency	TRY equivalent	Original currency	TRY equivalent
Bails - EUR	39,853	240,234	-	-	1,002	3,717
Bails - USD	23,704	124,704	109,410	412,684	99,949	351,741
Bails - TRY	5,764	5,764	3,256	3,256	1,598	1,598
Mortgages - EUR	-	-	5,000	22,578	6,500	24,114
Total		**370,702**		**438,518**		**381,170**

(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 December 2018	31 December 2017	31 December 2016
Value added tax ("VAT") receivables	61,268	77,200	33,563
Prepaid tax and funds [1]	55,863	12,621	6,675
Personnel advances	1,098	5,998	7,674
Job advances	789	1,381	2,325
Programme stocks [2]	-	27,810	20,354
Other	592	3,318	1,811
	119,610	**128,328**	**72,402**
Provision for impairment on programme stocks (-)	-	(6,496)	(6,496)
Provision for other doubtful receivables (-)	(421)	(421)	(421)
	119,189	**121,411**	**65,485**

(1) Prepaid tax and funds amounting to TRY 49,666 (31 December 2017: TRY 5,566) are related to Holding; the remaining amount consists of prepaid tax and funds of the Group's subsidiaries.

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

Other non-current assets	31 December 2018	31 December 2017
Value added tax ("VAT") receivables [1]	398,758	531,725
Other	1,673	1,550
	400,431	**533,275**

(1) Explained in Note 2.3.1.

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

The details of prepaid expenses and deferred income at 31 December 2018, 31 December 2017 and 31 December 2016 are as follows:

Short term prepaid expenses	31 December 2018	31 December 2017	31 December 2016
Advances given [1]	45,770	87,923	34,734
Prepaid expenses [2]	35,013	30,537	48,193
	80,783	**118,460**	**82,927**

(1) The majority of the advances given consist of advances given for electricity production and trade segment operations and other operations. The advances given decreased due to the sale of the subsidiaries as explained in detail in Note 30.

(2) A significant portion of prepaid expenses consist of prepaid rent, insurance, program rights and subscription expenses.

(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 December 2018**	**31 December 2017**	**31 December 2016**
Advances given and prepayments (3) (4) (5) (6)	126,385	36,915	38,859
Prepaid expenses for future years	9,850	3,164	14,310
	136,235	**40,079**	**53,169**

(3) Advances given and prepayments amounting to TRY 122,126 (31 December 2017: TRY 8,718 and 31 December 2016: None) comprise of advances given regarding purchase of board of solar energy system, by Galata Wind, one of the subsidiaries of Group.

(4) Advances given and prepayments amounting to TRY 4,259 consists of Doğan Holding and Group's other subsidiaries (31 December 2017: TRY 11,718, 31 December 2016:TRY 9,582).

(5) As of 31 December 2017, long-term advances given amounting to TRY 8,747 consist of prepayments made by Doğan TV Holding, for programme rights of UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games are refunded to Doğan TV Holding in the case of cancellation of games. Doğan TV Holding is no longer a subsidiary of the Group as of 31 December 2018 within the subsidiary sales transactions detailed in Note 30. (31 December 2016: TRY 18,761)

(6) As of 31 December 2017, TRY 7,732 of advance payments and prepayments consists of the advances paid by the Group's subsidiary Aytemiz to dealers.(31 December 2016:TRY 10,516)

Short-term deferred income	**31 December 2018**	**31 December 2017**	**31 December 2016**
Deferred income (1)	46,984	76,148	41,167
Advances received (2)	16,100	16,932	15,934
	63,084	**93,080**	**57,101**

Long-term deferred income	**31 December 2018**	**31 December 2017**	**31 December 2016**
Deferred income (1)	6,047	5,919	7,830
	6,047	**5,919**	**7,830**

(1) A significant portion of deferred income consists of deferred income arising from contracts with respect to the digital broadcasting rights of DMC, a subsidiary of the Group, and deferred income related to Milta Turizm's yacht tying income. The balance has decreased as a result of the sale of subsidiaries as explained in Note 30.

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

(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

The Group utilizes foreign exchange derivatives and commodity derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts and option contracts regarding the management of fluctuations in exchange rates and metal prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

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

	31 December 2018		31 December 2017	
	Asset	**Liability**	**Asset**	**Liability**
Currency derivative transactions with maturity(1)	47,516	69,084	83	1,098
Commodity agreements (2)	4,318	-	-	-
Total	**51,834**	**69,084**	**83**	**1,098**

(1) Suzuki, Galata Wind and Aytemiz Akaryakıt, the subsidiaries of the Group, make forward foreign exchange contracts with the banks in order to hedge their foreign exchange risk; on the date of the deal sells TRY and buys US Dollars and Euros at the agreed date.

(2) Consists of commodity contracts signed by Aytemiz Akaryakıt, a subsidiary of the Group, to reduce the risk of fluctuation in fuel prices.

NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

(a) Payables related to employee benefits

The details of payables related to employee benefits as of 31 December 2018, 31 December 2017 and 31 December 2016 are as follows. Amounts have decreased due to subsidiary sales explained in Note 30.

	31 December 2018	**31 December 2017**	**31 December 2016**
Payables to personnel	11,768	14,353	18,026
Social security payables	4,742	22,206	19,085
	16,510	**36,559**	**37,111**

(b) Short term provisions for employment benefits

The details of short term provisions for employment benefits as of 31 December 2018, 31 December 2017 and 31 December 2016 are as follows:

	31 December 2018	**31 December 2017**	**31 December 2016**
Provision for unused vacation	15,855	56,528	51,378
Personnel premium provision	-	266	-
	15,855	**56,794**	**51,378**

(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 provisions for employment benefit

Details of long term provisions for employment benefits as of 31 December 2018 , 31 December 2017 and 31 December 2016 are as follows:

	31 December 2018	31 December 2017	31 December 2016
Provision for employment termination benefits	34,071	123,015	119,430
	34,071	**123,015**	**119,430**

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 December 2018, the maximum amount payable equivalent to one month of salary is TRY 5,434.42 (exact) (31 December 2017: TRY 4,732.48 (exact), 31 December 2016: TRY 4,297.21 (exact)) for each year of service. The retirement pay provision ceiling TRY 6,017.60 (exact) which is effective from 1 January 2019, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2017: TRY 5,001.76 (exact) effective from 1 January 2018, 31 December 2016: TRY 4,426.16 (exact) effective from 1 January 2017).

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 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 16.00%(1) (31 December 2017: 11.50%, 31 December 2016:11.20%), inflation rate applied as 11,30% (31 December 2017: 7.00%, 31 December 2016: 6.50%) and increase in wages applied as 11.30% (31 December 2017: 7.00%, 31 December 2016: 6.50%) in the calculation(2).

(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 provisions for employment benefit (Continued)

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 16.00%.
(2) In the calculation of employment termination benefits, the effective returns of the longest-term inflation-indexed government bonds in TRY terms as of 31 December 2018 have been used.

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

	2018	2017
1 January	**123,015**	**119,430**
Current period service cost and net interest expense from continued operations	5,599	22,042
Payments during the period due to continued operations	(8,934)	(31,569)
Disposal of subsidiaries	(92,154)	(259)
Loss due to payment/reducing benefits/ dismissal	3,786	7,873
Actuarial gain/(loss)	2,759	5,498
31 December	**34,071**	**123,015**

Total costs other than actuarial loss related to severance pay are included in the consolidated statement of profit or loss table. Actuarial gains / losses for the period ended as of 31 December 2018 amount to TRY 2,759 (31 December 2017: TRY 5,498, 31 December 2016:TRY 8,473).

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 December 2018 and 31 December 2017 are as follows:

	31 December 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.

(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)

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 December 2018 and 31 December 2017 are as follows:

Shareholder	Share (%)	31 December 2018	Share (%)	31 December 2017
Adilbey Holding A.Ş. (1)	49.66	1,299,679	49.32	1,290,679
Doğan Family	14.41	377,126	14.41	377,126
Publicly traded on Borsa İstanbul (2)	35.93	940,133	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) On 16 October 2018 and 31 December 2018, Adilbey Holding A.Ş. acquired 9,000,000 (exact) shares in total, traded at Borsa İstanbul, and increased its share in issued capital to 49.66%.

(2) In accordance with the "CMB" Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 35.93% of the shares (31 December 2017: 35.95%) are outstanding as of 31 December 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.

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 December 2018	31 December 2017
Share premiums	163,724	163,724
Share discounts (-)	(128,565)	(128,565)
Total	**35,159**	**35,159**

(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)

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 in accordance with 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 December 2018 and 31 December 2017 are as follows:

Restricted reserves	**31 December 2018**	**31 December 2017**
General legal reserves	189,808	187,342
Gain on sale of subsidiary's shares	-	67,979
Venture capital investment fund	57,106	57,106
Total	**246,914**	**312,427**

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

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

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

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. As of 31 December 2018, revaluation increase accounted under shareholders' equity is reclassified under retained earnings or accumulated losses as a result of the subsidiary sales which is described in Note 30 (31 December 2017: TRY 34,820).

ii. Actuarial gains (losses) on defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group recognised all actuarial gains and losses in other comprehensive income. Remeasurement loss on defined benefit plans amounting to TRY 8,502 is accounted under shareholders' equity and TRY 35,047 of this amount is reclassified under retained earnings or accumulated losses as a result of the subsidiary sales which is described in Note 30 (31 December 2017: TRY 41,613).

NOTE 23 - EQUITY (Continued)

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

i. Revaluation and reclassification gains (losses)

Financial assets revaluation reserves are calculated by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation losses of assets held for sale presented under equity in the statement of financial position is TRY 20 in the current period (31 December 2017: TRY 32,196 gain).

ii. Gain/(losses) from hedge reserve

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss. There is no gain or losses from cash flow hedge for the period ended in 31 December 2018. (31 December 2017: TRY 665 loss).

iii. Currency translation differences

Currency translation differences consist of currency translation differences of the Group's subsidiaries and joint ventures financial statements located out of Turkey using a measurement currency other than TRY and classified under equity. The increase in the currency translation difference reserve attributable to parent is TRY 119,258 and decrease amounting to TRY 105 is attributable to non-controlling interest (31 December 2017: TRY 73,311 is attributable to parent and TRY 6,864 is attributable to non-controlling interest).

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.

NOTE 23 - EQUITY (Continued)

Dividend Distribution

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

On the other hand,

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

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

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 2017 - 31 December 2017 that are prepared in accordance with the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting and Auditing Standards Board for which the presentation principles have been determined as per the relevant resolutions of the CMB; when "Deferred Tax Income", "Tax Expense for the Period", "Discontinued Operations Period Loss" and "Non-controlling Interests" are taken into consideration together, "Net Loss for the Period" amounting to Turkish Lira 471,545,000 (exact) has been observed, and after "Accumulated Losses" amounting to Turkish Lira 122,945,957.65 (exact) which has been calculated based on the Dividend Guide announced at 27 January 2014 and numbered 2014/2 in CMB Weekly Announcement and "Donation" amounting to Turkish Lira 2,279,168.25 (exact) in 2017 have been added to this amount, Turkish Lira 594,677,523.81 (exact) of "Net Loss for the Period" has been calculated and no dividend distribution has been made for the period 1 January - 31 December 2017 within the CMB regulations on profit distribution,

- In the financial records for the period 1 January 2017 - 31 December 2017 under the tax legislation and held by the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, "Net Profit for the Period" amounting to Turkish Lira 49,314,688.18 (exact) has been observed; but "Tax Expense for the Period" did not occur, out of the remaining Turkish Lira 49,314,688.18 (exact) "General Legal Reserve Funds" of Turkish Lira 2,465,734.41 (exact) has been reserved, and the remaining part of Turkish Lira 46,848,953.77 (exact) will be transferred to the account of "Extraordinary Reserves",

(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)

- In the financial records prepared in accordance with the Tax Legislation, and the Uniform Accounting Plan published by the Republic of Turkey Ministry of Finance, the "Sales Profit Participation Share" (DMK) of Turkish Lira 67,978,860.95 (exact) accounted under "Special Funds" as the 5-year period specified in accordance with the Tax Legislation has been completed accounted under "Extraordinary Reserves",and accordingly, the suggestion of not distributing profit for the accounting period of 1 January 2017 - 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 3,854,961 (31 December 2017: TRY 3,776,355).

NOTE 24 - REVENUE AND COST OF SALES

	1 January - 31 December 2018	1 January - 31 December 2017
Domestic sales	12,044,837	7,666,097
Foreign sales	247,207	140,968
Sales return and discounts (-)	(145,606)	(68,443)
Net sales	**12,146,438**	**7,738,622**
Cost of sales (-)	(11,131,912)	(7,231,320)
Gross profit	**1,014,526**	**507,302**

Sales details of fuel retail segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
Fuel sales income	6,992,614	4,660,209
LPG sales income	1,051,426	716,342
Other	62,721	59,267
Total	**8,106,761**	**5,435,818**

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

NOTE 24 - REVENUE AND COST OF SALES (Continued)

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

	1 January - 31 December 2018	1 January - 31 December 2017
Electricity sales income	2,194,063	1,053,912
Total	**2,194,063**	**1,053,912**

Sales details of industry segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
Industrial income	427,460	312,344
Total	**427,460**	**312,344**

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

	1 January - 31 December 2018	1 January - 31 December 2017
Vehicle sales income	284,683	307,292
Total	**284,683**	**307,292**

Sales details of financing and investment segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
Factoring income	232,904	96,022
Investment income	18,716	7,315
Financing income	24,097	1,707
Other	-	299
Total	**275,717**	**105,343**

Sales details of internet and entertainment segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
Advertisement income	190,195	100,377
Subscription income	68,464	51,242
Other	58,277	32,992
Total	**316,936**	**184,611**

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

NOTE 24 - REVENUE AND COST OF SALES (Continued)

Sales details of real estate investments segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
Rent income	63,474	53,750
Real estate sales income	10,805	3,199
Other	973	799
Total	**75,252**	**57,748**

Sales details of other segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
External trade income	347,224	135,941
Tourism income	74,540	57,828
Other[1]	43,802	87,785
Total	**465,566**	**281,554**

(1) Other sales income consist of total sales of husbandry and other activities.

Details of the cost of sales for the periods ended at 31 December 2018 and 2017 are as follows:

	1 January - 31 December 2018	1 January - 31 December 2017
Fuel retail	(7,791,582)	(5,142,796)
Electricity production and trade	(2,026,579)	(983,647)
Industry	(326,761)	(246,879)
Automotive trade and marketing	(237,283)	(267,846)
Financing and investment	(170,529)	(56,785)
Internet and entertainment	(183,108)	(142,484)
Real estate investments	(28,487)	(12,531)
Other	(367,583)	(378,352)
Total	**(11,131,912)**	**(7,231,320)**

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

	1 January - 31 December 2018	1 January - 31 December 2017
Fuel and LPG sales cost	(7,739,232)	(5,108,847)
Other	(52,350)	(33,949)
Total	**(7,791,582)**	**(5,142,796)**

(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)

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

	1 January - 31 December 2018	1 January - 31 December 2017
Electricity costs	(1,971,917)	(948,954)
Amortization and depreciation	(31,723)	(15,226)
Personnel expenses	(2,124)	(3,068)
General production expenses	(2,487)	(1,741)
Other	(18,328)	(14,658)
Total	**(2,026,579)**	**(983,647)**

Cost of sales details of industry segment are presented below:

	1 January - 31 December 2018	1 January - 31 December 2017
Raw material cost	(247,662)	(173,547)
Personnel expenses	(43,173)	(35,523)
General production expenses	(26,077)	(29,913)
Amortization and depreciation	(9,849)	(7,896)
Total	**(326,761)**	**(246,879)**

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

	1 January - 31 December 2018	1 January - 31 December 2017
Cost of trade goods sold	(235,614)	(266,807)
Personnel expenses	(1,279)	(692)
Internet advertisement service cost	(390)	(347)
Total	**(237,283)**	**(267,846)**

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

	1 January - 31 December 2018	1 January - 31 December 2017
Cost of services sold	(170,529)	(56,785)
Total	**(170,529)**	**(56,785)**

(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 details of internet and entertainment segment are presented below:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Cost of trade goods sold	(61,156)	(53,924)
Amortization and depreciation	(25,696)	(27,157)
Personnel expenses	(43,059)	(33,078)
Other	(53,197)	(28,325)
Total	**(183,108)**	**(142,484)**

Cost of sales details of real estate investments segment are presented below:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Cost of goods sold and services	(28,487)	(12,531)
Total	**(28,487)**	**(12,531)**

Cost of sales details of other segment are presented below:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Cost of trade goods sold	(285,671)	(316,211)
Personnel expenses	(18,245)	(17,250)
Amortization and depreciation	(9,182)	(22,335)
Other	(54,485)	(22,556)
Total	**(367,583)**	**(378,352)**

(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 December 2018	**1 January - 31 December 2017**
General administrative expenses	(278,656)	(191,181)
Marketing expenses	(363,295)	(328,105)
Operating expenses	**(641,951)**	**(519,286)**

Marketing expenses:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Personnel expenses	(75,169)	(57,148)
Transportation, storage and travel expenses	(52,123)	(46,758)
Advertisement expenses	(47,535)	(40,599)
Amortization and depreciation	(43,901)	(26,285)
Amortization shares of dealer agreements	(40,286)	(76,921)
Royalty expenses	(24,388)	(15,104)
Electricity distribution expenses	(17,894)	(19,354)
Consulting expenses	(14,574)	(9,032)
Rent expenses	(12,168)	(6,043)
Outsourced service expenses	(5,680)	(6,742)
Other	(29,577)	(24,119)
Total	**(363,295)**	**(328,105)**

General administrative expenses:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Personnel expenses	(139,851)	(108,013)
Various taxes	(24,250)	(3,160)
Consulting expenses	(23,938)	(12,913)
Outsourced service expenses	(15,807)	(7,656)
Amortization and depreciation	(15,472)	(19,497)
Rent expenses	(13,153)	(11,923)
Transportation, storage and travel expenses	(7,220)	(3,343)
Other	(38,965)	(24,676)
Total	**(278,656)**	**(191,181)**

NOTE 26 - EXPENSES BY NATURE

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

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

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities

	1 January - 31 December 2018	1 January - 31 December 2017
Foreign exchange gains	1,022,126	207,802
Interest income on bank deposit	193,099	47,711
Finance income due from sales with maturity	132,117	62,026
Unrecognized provisions	10,714	8,013
Utilization of VAT discount	-	4,458
Property, plant and equipment sales income	-	9,517
Other	31,982	24,470
Total	**1,390,038**	**363,997**

Other expenses from operating activities

	1 January - 31 December 2018	1 January - 31 December 2017
Foreign exchange losses	(101,987)	(105,922)
Finance expense due to purchases with maturity	(82,956)	(44,320)
Provision for doubtful receivables (Note 9)	(42,959)	(9,274)
Impairment on fair value of investment properties (Note 13)	-	(11,765)
Contractual expenses	(26,843)	-
Provision for lawsuits (Note 17)	(4,683)	(1,292)
Other penalties and compensations paid	(4,278)	(636)
Provision for impairment on inventory (Note 11)	(330)	(167)
Other	(41,504)	(30,610)
	(305,540)	**(203,986)**

(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 INVESTMENT ACTIVITIES

Income from investment activities

	1 January - 31 December 2018	**1 January - 31 December 2017**
Gain on sale of subsidiary shares	3,892,962	800
Fair value increase of financial investments	25,842	-
Interest income of marketable securities	25,688	9,659
Gain on sale of property plant and equipment and intangible assets	8,741	5,307
Foreign exchange gains	4,107	4,780
Fair value increase of investment properties (Note 13)	-	155,882
Gain on purchase of subsidiary shares	-	18,994
Other	5,252	2,503
	3,962,592	**197,925**

Expenses from investment activities

	1 January - 31 December 2018	**1 January - 31 December 2017**
Expense of fair value adjustment of investment properties (Note 13) [1]	(463,089)	(2,466)
Impairment of joint ventures	(302,376)	-
Foreign exchange loss related to share purchase commitment	(111,734)	(112,880)
Interest expense related to share purchase commitment	(60,566)	(33,583)
Expense related to impairment of goodwill	(7,996)	-
Loss on sales of property, plant and equipment	(1,411)	(2,599)
Other	(502)	(1,746)
	(947,674)	**(153,274)**

[1] The Group has accounted for a fair value adjustment of TRY 463,089 (31 December 2017: TRY 158,989), in the purchase and sale transactions in the current period regarding the land and buildings considering the appraisal value in the real estate appraisal report.Adjustment amounting to TRY 438,020 results from the retroactive correction of the consolidated financial statements in accordance with the principle resolution of the POA published in the Official Gazette dated 21 July 2013 and 17 October 2018 "The Accounting of Business Combinations Subject to Common Control" as explained in detail in Note 2.1.5 and Note 3.

(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

Finance income

	1 January - 31 December 2018	**1 January - 31 December 2017**
Income from derivative instruments	52,510	109
Other	194	109
	52,704	**218**

Finance expenses

	1 January - 31 December 2018	**1 January - 31 December 2017**
Foreign exchange loss	(354,533)	(172,096)
Interest expense on bank borrowings	(210,938)	(67,411)
Expense from derivative instruments	(69,167)	-
Bank commission expenses	(58,678)	(23,519)
Other	(2,158)	(3,220)
	(695,474)	**(266,246)**

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

a) For the period ended at 31 December 2017, the Group's subsidiaries Bravo TV and Trend TV, whose area of activity were broadcasting, were sold. As a result of this sale transaction, TRY 1,488 cash has been received and the gain amounting to TRY 800 has been accounted under income from investment activities in the consolidated income statement for the period ended 31 December 2017 (Note 28) (31 December 2016: None).

With the decision of the Board of Directors of Pronto Media Holding, resident in Russia on 22 November 2017, which is an indirect subsidiary of Trader Media East Ltd. ("TME"), owned by the Group which holds 97.29% of the shares, digital platform operations within the company were decided to cease due to the intensity of the competition in the markets where the company operates and insufficient operational performance. Digital operations were ceased with this decision and they are classified as discontinued operations.

(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)

	1 January- 31 December 2017
Revenue	15,997
Cost of sales (-)	(10,763)
General administrative and marketing expenses	(28,192)
Other income/(expense) from operating activities, net [1]	(974)
Financial expenses, net	(3,375)
Expense from investment activities, net [2]	(279,183)
Discontinued operations loss before taxation	**(306,490)**
Tax income/(expense) for the period	-
Deferred tax income	54,130
Discontinued operations period loss	**(252,360)**

(1) As of 31 December 2017, there are doubtful receivable expenses amounting to TRY 990.
(2) Regarding to discontinued operations provision for impairment amounting to TRY 279,361 has been accounted in the consolidated financial statements for the year ended 31 December 2017.

b) Based on the share purchase agreement signed between the Group and Demirören Medya Yatırımları Ticaret A.Ş. and as a result of the meeting of closing provisions defined in the agreement and finalization of transaction in compliance with the legal requirements, the Group completed the sale of its own shares in the capitals of its directly and indirectly controlled subsidiaries operating in broadcasting and publishing segment, the details of which are explained in Note 1, on 16 May 2018. As a results of re-purchase of the shares held by Doğan Family members, the total consideration obtained from the transaction is USD 919,000 (equivalent of TRY 4,033,102).

The Group also completed the share sales in its subsidiary, Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. to Turkuvaz TK Kitap ve Kırtasiye A.Ş. in return of consideration by TRY 440,000 on 30 May 2018, as a result of the meeting of closing provisions defined in the agreement and finalization of transaction in compliance with the legal requirements.

(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)

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

	Registered value
Cash and cash equivalents	269,985
Financial investments	6,798
Trade receivables	515,224
Other receivables	25,168
Derivative instruments	1,841
Inventories	239,871
Prepaid expenses	65,958
Other current assets	160,664
Investment properties	191,492
Property, plant and equipment	383,093
Intangible assets	703,810
Deferred tax asset	15,668
Other non-current assets	110,725
Total assets	**2,690,297**
Borrowings	1,106,939
Trade payables	722,395
Payables related to employee benefits	18,048
Deferred income	39,009
Other payables	43,244
Current income tax liability	2,912
Provisions	200,414
Total liabilities	**2,132,961**
Net assets	**557,336**

(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)

As of 31 December 2018, these transactions of the related subsidiaries, realized in 1 January - 31 December 2018 period were reclassified as discontinued operations. In this context, Group has presented the related activities as discontinued operations in order to ensure consistency with the consolidated statement of profit or loss and related notes and statement of cash flows in the financial statements for the period 1 January - 31 December 2017.

	2018	**2017**
Revenue	718,059	2,794,280
Cost of sales (-)	(537,287)	(1,823,950)
General administrative and marketing expenses	(177,850)	(686,129)
Other income/(expense) from operating activities, net	(1,142)	21,792
Income/(expense) from investment activities, net	(618)	23,062
Finance income/(expense), net	(64,221)	(231,187)
Discontinued operations profit (loss) before taxation	**(63,059)**	**97,868**
Tax income/(expense) for the period	(3,403)	139,645
Deferred tax income/(expense)	(4,871)	(127,633)
Discontinued operations profit (loss) for the period	**(71,333)**	**109,880**

	2018
Cash flows from operating activities	26,688
Cash flows from investing activities	(84,556)
Cash flows from financing activities	49,390
Net cash flow generated by subsidiary	**(8,478)**

Details of subsidiary sales transactions are as follows:

	2018
Total sales price	4,473,102
Registered value of net assets sold	(557,336)
Non-controlling interest	28,567
	3,944,333
Reclassification of currency translation difference	(56,463)
Sales profit after tax	**3,887,870**

	2018
Total sales revenue	4,473,102
Notes receivable	(99,725)
Cash held by the sold companies	(269,985)
Net cash inflow	**4,103,392**

(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 A-S HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

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

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

	Registered value
Cash and cash equivalents	2,416
Financial investments	-
Trade receivables	4,472
Other receivables	-
Derivative instruments	-
Inventories	87
Prepaid expenses	821
Other current assets	3,603
Investment properties	-
Property, plant and equipment	516
Intangible assets	11,639
Total assets	**23,554**
Borrowings	-
Trade payables	22,097
Payables related to employee benefits	436
Deferred income	68
Other payables	5,079
Current income tax liability	-
Provisions	840
Deferred tax liabilities	126
Total liabilities	**28,646**
Net assets	**(5,092)**

Details of subsidiary sales transactions are as follows:

	2018
Total sales price	-
Registered value of net assets sold	(5,092)
Sales profit after tax	**5,092**

	2018
Total sales price	-
Cash held by the sold companies	(2,416)
Net cash outflow	**(2,416)**

(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 December 2018, 31 December 2017 and 31 December 2016 are as follows:

	31 December 2018	31 December 2017	31 December 2016
Provision for current income tax	123,498	38,821	48,999
Prepaid corporate taxes	(115,806)	(24,711)	(35,542)
Taxes payable for the period	**7,692**	**14,110**	**13,457**

	31 December 2018	31 December 2017	31 December 2016
Corporate and income taxes payable	7,692	14,110	13,457
Deferred tax (asset)/liabilities, net	18,242	139,037	152,122
Total taxes	**25,934**	**153,147**	**165,579**

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%, 2016: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (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 2018, applying a tax rate of 22% for temporary differences' portion to lead to tax effects in 2018, 2019 and 2020, and at 20% for the portion to lead to tax effects in 2021 and subsequent periods.

NOTE 31 - INCOME TAXES (Continued)

Turkey (Continued)

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:

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).

(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 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.

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

The tax rates at 31 December 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.

(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)

Deferred tax

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

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

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

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2018, 31 December 2017 and 31 December 2016 using the enacted tax rates are as follows:

	Cumulative temporary differences			Deferred tax assets/(liabilities)		
	31 December 2018	**31 December 2017**	**31 December 2016**	**31 December 2018**	**31 December 2017**	**31 December 2016**
Deductible tax losses	231,598	162,895	99,266	50,460	32,579	19,853
Provision for employment termination and unused vacation benefits	49,926	179,809	170,808	10,302	35,962	34,162
Deferred financial income of trade receivables	27,427	5,418	17,093	6,034	1,192	3,419
Provision for doubtful receivables	19,920	167,900	128,949	3,984	36,938	25,790
Other	226,390	104,716	74,169	47,542	17,502	14,499
Deferred tax assets	**555,261**	**620,738**	**490,285**	**118,322**	**124,173**	**97,723**
Net differences between fair and tax values of investment properties	(107,343)	(647,524)	(538,834)	(19,130)	(118,229)	(70,404)
Net differences between the tax and registered value of property, plant and equipment, inventories and intangible assets	(387,714)	(930,285)	(785,907)	(85,297)	(120,815)	(166,757)
Other	(160,685)	(101,513)	(62,901)	(32,137)	(24,166)	(12,684)
Deferred tax liabilities	**(655,742)**	**(1,679,322)**	**(1,387,642)**	**(136,564)**	**(263,210)**	**(249,845)**
Deferred tax assets/ (liabilities) ,net	**(100,481)**	**(1,058,584)**	**(897,357)**	**(18,242)**	**(139,037)**	**(152,122)**

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.

(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)

Deferred tax (Continued)

The Group recognized deferred tax assets over TRY 231,598 of carry forward tax losses in the consolidated financial statements prepared in accordance with the TAS as of 31 December 2018 (31 December 2017: TRY 162,895, 31 December 2016: TRY 99,266). As of 31 December 2018, 31 December 2017 and 31 December 2016, the maturity analysis of carry forward tax losses is as follows:

	31 December 2018	31 December 2017	31 December 2016
2018	-	(13,117)	-
2019	-	(44,217)	-
2020 and after	(231,598)	(105,561)	(99,266)
	(231,598)	**(162,895)**	**(99,266)**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Movements for net deferred taxes for the periods ended at 31 December 2018 and 2017 are as follows:

	2018	2017
1 January	**(139,037)**	**(152,122)**
Current period income (expense)	125,266	92,590
Tax recognized under equity	10,190	(9,626)
Disposal of subsidiary	(15,668)	(73,534)
Currency translation differences	1,007	3,297
Acquisition of subsidiary	-	478
Sales of subsidiary	-	(120)
31 December	**(18,242)**	**(139,037)**

The taxes on income reflected to the consolidated statement of profit or loss for the periods ended 31 December 2018 and 2017 are summarized below:

	1 January - 31 December 2018	1 January - 31 December 2017
Tax expense for the period	(123,498)	(178,466)
Deferred tax income/(expense)	125,266	92,590
Total tax (expense)/income	**1,768**	**(85,876)**

(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)

Deferred tax (Continued)

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 31 December 2018 and 2017 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2018	**2017**
Income/(Loss) before tax and non-controlling interests (*)	3,573,630	(356,812)
Current period tax income/(expense) calculated at 22% (2017: 20%) effective tax rate	(786,199)	71,362
Discontinued operations tax effect	(13,873)	(66,142)
Effect of carryforward tax losses not subject to deferred tax asset	(6,902)	(45,857)
Tax effect of adjustments related to share purchase commitments	(37,906)	(29,293)
Effect of investments accounted for by the equity method	(42,357)	(14,968)
Effect of expenses non- deductible / not subject to tax	(53,190)	(13,891)
Effect of change in statutory tax rate on deferred tax	(174)	(4,806)
Exceptions	74,618	7,756
Subsidiary sales gain effect	974,101	-
Current period portion of carryforward tax losses used subject to deferred tax calculation in prior periods	(45,267)	6,308
Incomes not subject to tax	(66,523)	10,822
Other	5,440	(7,167)
31 December	**1,768**	**(85,876)**

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

NOTE 32 - EARNING/LOSS PER SHARE

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

	1 January - 31 December 2018	**1 January - 31 December 2017**
Net profit/(loss) for the period attributable to equity holders of the Parent Company	3,633,096	(323,199)
Weighted average number of shares with face value of TRY1 each (1)	2,613,738	2,613,738
Earning/(loss) per share	**1,390**	**(0,124)**

(1) As explained in detail in Note 23, repurchased shares are excluded.

(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 periods ending 31 December 2018, 31 December 2017 and 31 December 2016 are disclosed below:

i) Transactions with related parties:

Short term trade receivables from related parties:

	31 December 2018	31 December 2017	31 December 2016
Doğan Egmont [1] [2]	3,080	1,412	974
Doğan Burda[1] [2]	1,297	245	513
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") [1]	574	3,557	3,338
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") [1]	98	693	381
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") [3]	93	2,154	932
Other	1,658	2,166	3,435
Total	**6,800**	**10,227**	**9,573**

[1] Related to the Group's financial, legal, information processing and other areas of service sales.
[2] Receivables related to raw material sales of the Group.
[3] Receivables related to electricity, water and dues sales of the Group.

Other short term receivables from related parties:

	31 December 2018	31 December 2017
Aslancık Elektrik [1]	20,536	-
Boyabat Elektrik	-	9,750
Total	**20,536**	**9,750**

[1] Related to receivable balances for financing of the Group's joint venture Aslancık Elektrik.

Short term trade payables to related parties

	31 December 2018	31 December 2017	31 December 2016
Ortadoğu Otomotiv [1]	152	-	515
Doğan Burda [2]	92	9,595	12,933
Doğan Egmont [2]	-	15,788	10,015
Boyabat Elektrik [3]	-	-	1,336
Other	64	760	612
Total	**308**	**26,143**	**25,411**

[1] Comprises of the rent expenses of the Group.
[2] Comprises of the magazines purchases of the Group.
[3] Comprises of the electricity purchases of the Group.

(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) Transactions with related parties (Continued):

Short term trade payables to related parties:

	31 December 2018	31 December 2017	31 December 2016
Ortadoğu Otomotiv [1]	-	850,000	-
Total	**-**	**850,000**	**-**

Long term trade payables to related parties:

	31 December 2018	31 December 2017	31 December 2016
Ortadoğu Otomotiv [1]	-	-	850,000
Total	**-**	**-**	**850,000**

(1) Related to real estate acquired and resulted in the restatement of the consolidated financial statements in accordance with the principle resolution of the POA published in the Official Gazette dated 21 July 2013 and 17 October 2018 "The Accounting of Business Combinations Subject to Common Control" as explained in detail in Note 2.1.5 and Note 3.

ii) Transactions with related parties:

Product and service purchases from related parties

	1 January - 31 December 2018	1 January - 31 December 2017
Boyabat Elektrik [1]	8,886	68,139
Ortadoğu Otomotiv [2][4]	8,551	7,187
Adilbey Holding A.Ş.[2]	2,985	2,676
Doğan Burda [3]	906	603
Doğan Egmont [3]	160	16
Other	3,408	4,134
Total	**24,896**	**82,755**

(1) Comprises of the electricity purchases of the Group.
(2) Comprises of the office rental services purchases of the Group.
(3) Comprises of the magazines purchases of the Group.
(4) The amounts of Ortadoğu Otomotiv in the consolidated statement of profit or loss for the period 1 January 2017 – 31 December 2017 have been restated as a result of the restatement of the consolidated financial statements in accordance with the principle resolution of the POA published in the Official Gazette dated 21 July 2013 and 17 October 2018 "The Accounting of Business Combinations Subject to Common Control" as explained in detail in Note 2.1.5 and Note3.

(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 December 2018	1 January - 31 December 2017
Doğan Burda [1]	11,839	12,341
D-Market [2]	11,660	9,988
Doğan Egmont [1]	11,318	11,581
Gümüştaş Madencilik [3][4]	4,067	8,043
D Elektronik [2]	1,570	212
Ortadoğu Otomotiv [2][3][6]	1,364	724
Adilbey Holding A.Ş. [3] [5]	1,187	1,268
Boyabat Elektrik [3]	1,007	14,265
Other	4,475	6,070
	48,487	**64,492**

(1) The balance consists of raw material sales of the Group.
(2) The balance consists of financial, legal, data processing and other consultancy services sales of the Group.
(3) The balance consists of electricity sales of the Group.
(4) The balance consists of fuel oil sales of the Group.
(5) The balance consists of general administrative services provided by the Group.
(6) The amounts of Ortadoğu Otomotiv in the consolidated statement of profit or loss for the period 1 January 2017 – 31 December 2017 have been restated as a result of the restatement of the consolidated financial statements in accordance with the principle resolution of the POA published in the Official Gazette dated 21 July 2013 and 17 October 2018 "The Accounting of Business Combinations Subject to Common Control" as explained in detail in Note 2.1.5 and Note3.

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 December 2018	1 January - 31 December 2017
Salaries and other short term benefits	18,155	20,393
Post-employment benefits	-	-
Termination benefits	-	-
Other long maturity benefits	-	-
Share based payments	-	-
Total	**18,155**	**20,393**

(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 December 2018, 31 December 2017 and 31 December 2016 before consolidation adjustments and reclassifications are as follows:

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

	31 December 2018	**31 December 2017**	**31 December 2016**
Foreign currency assets	5,817,331	1,519,992	1,348,198
Foreign currency liabilities	(1,202,235)	(2,583,954)	(2,111,951)
Net foreign currency position	**4,615,096**	**(1,063,962)**	**(763,753)**

(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 of foreign currency risk as of 31 December 2018, 31 December 2017 and 31 December 2016 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 December 2018	**TRY Equivalent**	**USD**	**EUR**	**Other**
1. Trade Receivables	116,816	5,553	9,372	31,108
2a. Monetary Financial Assets (Cash, banks included)	5,270,313	592,137	351,373	37,063
2b. Non-Monetary Financial Assets	428,444	81,209	201	-
3. Other	1,758	28	267	-
4. Current Assets (1+2+3)	**5,817,331**	**678,927**	**361,213**	**68,171**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	**5,817,331**	**678,927**	**361,213**	**68,171**
10. Trade Payables	59,942	971	8,219	5,290
11. Financial Liabilities	614,611	36,310	70,270	-
12a. Other Monetary Liabilities	18,693	39	3,065	15
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	**693,246**	**37,320**	**81,554**	**5,305**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	412,097	20,070	50,848	-
16a. Other Monetary Liabilities	96,892	18,421	4	43
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**509,989**	**38,491**	**50,852**	**43**
18. Total Liabilities (13+17)	**1,202,235**	**75,811**	**132,406**	**5,348**
19. Net Asset/(Liability) Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**4,615,096**	**603,116**	**228,807**	**62,823**
21. Net Foreign Currency Asset/(Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**4,184,894**	**521,879**	**228,339**	**62,823**

(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	25,144	6,640	22	-
4. Current Assets (1+2+3)	**1,493,199**	**243,034**	**127,518**	**692**
5. Trade Receivables	268	-	57	11
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	26,525	6,857	146	-
8. Non-Current Assets (5+6+7)	**26,793**	**6,857**	**203**	**11**
9. Total Assets (4+8)	**1,519,992**	**249,891**	**127,721**	**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	301,117	79,831	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**1,353,760**	**79,831**	**226,737**	**28,813**
18. Total Liabilities (13+17)	**2,583,954**	**193,090**	**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)	**(1,063,962)**	**56,801**	**(274,578)**	**(38,352)**
21. Net Foreign Currency Asset/(Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,115,631)**	**43,304**	**(274,746)**	**(38,352)**

(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 2016	**TRY Equivalent**	**USD**	**EUR**	**Other**
1. Trade Receivables	171,280	23,998	12,277	41,280
2a. Monetary Financial Assets (Cash, banks included)	1,149,854	225,488	95,527	1,921
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	17,801	954	2,571	4,905
4. Current Assets (1+2+3)	**1,338,935**	**250,440**	**110,375**	**48,106**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	9,263	1,618	782	667
8. Non-Current Assets (5+6+7)	**9,263**	**1,618**	**782**	**667**
9. Total Assets (4+8)	**1,348,198**	**252,058**	**111,157**	**48,773**
10. Trade Payables	242,793	41,474	21,186	18,240
11. Financial Liabilities	600,419	37,222	122,438	15,195
12a. Other Monetary Liabilities	113,386	32,018	191	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	**956,598**	**110,714**	**143,815**	**33,435**
14. Trade Payables	283	-	-	283
15. Financial Liabilities	1,044,871	25,000	257,929	-
16a. Other Monetary Liabilities	110,199	31,280	32	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**1,155,353**	**56,280**	**257,961**	**283**
18. Total Liabilities (13+17)	**2,111,951**	**166,994**	**401,776**	**33,718**
19. Net Asset/(Liability) Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**(763,753)**	**85,064**	**(290,619)**	**15,055**
21. Net Foreign Currency Asset/(Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**(790,817)**	**82,492**	**(293,972)**	**9,483**

(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 December 2018, 31 December 2017 and 31 December 2016, foreign currency denominated asset and liability balances were converted by the following exchange rates: TRY 5.2609 = 1 USD and TRY 6.0280 = 1 EUR (31 December 2017: TRY 3.7719 = 1 USD and TRY 4.5155 = 1 EUR, 31 December 2016: TRY 3.5192 = 1 USD and TRY 3.7099 = 1 EUR).

31 December 2018	**Income/(Loss)**	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	634,587	(634,587)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	**634,587**	**(634,587)**
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	275,850	(275,850)
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income) (4+5)	**275,850**	**(275,850)**
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	12,564	(12,564)
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	**12,564**	**(12,564)**
TOTAL (3+6+9)	**923,001**	**(923,001)**

(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	**Income/(loss)**	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	42,850	(42,850)
2- Hedging amount of USD (-)	-	-
3- USD net effect on (loss)/income (1+2)	**42,850**	**(42,850)**
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	(247,971)	247,971
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income) (4+5)	**(247,971)**	**247,971**
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	(7,670)	7,670
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	**(7,670)**	**7,670**
TOTAL (3+6+9)	**(212,791)**	**212,791**

(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 2016	**Income/(loss)**	
	Foreign currency appreciates	**Foreign currency depreciates**
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	59,871	(59,871)
2- Hedging amount of USD (-)	-	
3- USD net effect on (loss)/income (1+2)	**59,871**	**(59,871)**
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	(215,633)	215,633
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income) (4+5)	**(215,633)**	**215,633**
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	3,012	(3,012)
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	**3,012**	**(3,012)**
TOTAL (3+6+9)	**(152,750)**	**152,750**

a.2) Interest rate risk

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

As of 31 December 2018, there is no floating interest rate loan in US Dollars (If the interest rate was 100 basis points higher / lower on 31 December 2017 and 31 December 2016 and all other variables were constant as a result of the additional interest expense arising from loans with floating interest rate, profit before tax would be lower / higher by TRY 943 and TRY 958 respectively).

As of 31 December 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 4,628 (31 December 2017: TRY 4,551, 31 December 2016: TRY 4,747) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

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

	31 December 2018	31 December 2017	31 December 2016
Financial instruments with fixed rate			
Financial assets			
- Banks (Note 6)	3,524,297	1,379,444	1,226,385
- Financial investments (Note 7)	619,766	196,880	365,468
Financial liabilities (Note 8)	2,027,495	2,798,258	1,718,751
Financial instruments with floating rate			
Financial liabilities (Note 8)	461,146	566,560	570,469

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

	31 December 2018			31 December 2017			31 December 2016		
	USD	EUR	TRY	USD	EUR	TRY	USD	EUR	TRY
Assets									
Cash and cash equivalents (Note 6)	2.00 - 5.80	1.10 - 3.40	14.00 - 27.00	1.00 - 4.00	0.01 - 1.85	1.00 - 15.00	0.35-3.59	0.01-2.00	2.00-11.60
Financial investments	3.75 - 8.75	-	3.92- 20.50	5.36	-	15.68	4.41	-	5.96
Liabilities									
Financial liabilities	5.00 - 6.40	0.65 - 4.69	5.00 - 37.45	2.48-2.97	0.75 - 5.71	4.30-19.00	3,5-4.58	0.75-4,7	3-14.20

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

31 December 2018	Up to- 1 year	1-5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	3,524,297	-	-	293,669	3,817,966
Financial investments (Note 7)	423,682	-	-	-	423,682
Total	**3,947,979**	**-**	**-**	**293,669**	**4,241,648**
Short and long term financial liabilities (Note 8) [1]	1,862,828	582,123	43,690		2,488,641
Total	**1,862,828**	**582,123**	**43,690**		**2,488,641**

(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)

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	-	-	329,214	1,708,658
Financial investments (Note 7)	71,743	-	-	-	71,743
Total	**1,451,187**	**-**	**-**	**329,214**	**1,780,401**
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**

31 December 2016	Up to- 1 year	1-5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	1,226,385	-	-	285,960	1,512,345
Financial investments (Note 7)	288,752	-	-	-	288,752
Total	**1,515,137**	**-**	**-**	**285,960**	**1,801,097**
Short and long term financial liabilities (Note 8) (1)	1,393,837	871,427	23,956	-	2,289,220
Other financial liabilities (Note 8)	-	519,829	-	-	519,829
Total	**1,393,837**	**1,391,256**	**23,956**	**-**	**2,809,049**

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

(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 December 2018 is as follows:

	Trade receivables		Other receivables		Cash on
	Related party	Other	Related party	Other	deposit
Maximum net credit risk as of the reporting date	**6,800**	**1,864,389**	**20,536**	**11,048**	**3,810,782**
- The part of maximum risk under guarantee with collateral	**-**	**1,074,084**	**-**	**-**	**-**
A. Net book value of neither past due nor impaired financial assets	6,800	1,744,412	20,536	11,048	3,810,782
- Guaranteed amount by collateral	-	995,990	-	-	-
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)	-	119,977	-	-	-
- Guaranteed amount by collateral (Note 9)	-	78,094	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, 19)	-	92,574	-	421	-
- Impairment (-) (Note 9, 19)	-	(92,574)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

(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:

	Trade receivables		Other receivables		Cash on
	Related party	**Other**	**Related party**	**Other**	**deposit**
Maximum net credit risk as of the reporting date	**10,227**	**2,249,438**	**9,750**	**48,449**	**1,699,415**
- The part of maximum risk under guarantee with collateral	-	**539,298**	-	-	-
A. Net book value of neither past due nor impaired financial assets	10,227	1,967,574	9,750	48,449	1,699,415
- Guaranteed amount by collateral	-	475,044	-	-	-
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)	-	281,864	-	-	-
- 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	-	-	-	-	-

(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 2016 is as follows:

	Trade receivables		Other receivables		Cash on
	Related party	**Other**	**Related party**	**Other**	**deposit**
Maximum net credit risk as of the reporting date	**9,573**	**1,514,581**	**10,726**	**46,253**	**1,504,861**
- The part of maximum risk under guarantee with collateral	**-**	**375,476**	-	-	-
A. Net book value of neither past due nor impaired financial assets	9,573	1,293,565	10,726	46,253	1,504,861
- Guaranteed amount by collateral	-	326,575	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	221,016	-	-	-
- Guaranteed amount by collateral (Note 9)	-	48,901	-	-	-
D. Impaired asset net book value					
- Past due (gross amount) (Note 9, 19)	-	273,204	-	421	-
- Impairment (-) (Note 9, 19)	-	(273,204)	-	(421)	-
- Net value collateralized or guaranteed	-	-	-	-	-

(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 December 2018		31 December 2017		31 December 2016	
	Related party	**Other receivables**	**Related party**	**Other receivables**	**Related party**	**Other receivables**
Maturity						
1-30 days overdue	-	64,767	-	103,081	-	94,076
1-3 months overdue	-	15,849	-	74,902	-	52,125
3-12 months overdue	-	27,372	-	59,945	-	59,369
1-5 years overdue	-	11,989	-	43,936	-	15,446
More than 5 years overdue	-	-	-	-		-
Total	**-**	**119,977**	**-**	**281,864**	**-**	**221,016**
Guaranteed amount by collateral						
Fuel retail	-	42,369	-	29,462	-	22,388
Industry	-	12,253	-	6,868	-	5,323
Automotive trade and marketing	-	2,229	-	11	-	-
Other	-	21,243	-	27,913	-	21,190
Total	**-**	**78,094**	**-**	**64,254**	**-**	**48,901**

	31 December 2018			31 December 2017		
	Trade receivable	**Credit loss ratio**	**Expected credit loss (*)**	**Trade receivable**	**Credit loss ratio**	**Expected credit loss (*)**
Not overdue	3,846	3.04%	117	27,550	2.65%	730
1-30 days overdue	383	7.31%	28	7,439	8.27%	615
1-3 months overdue	2,580	9.03%	233	1,910	11.06%	211
3-12 months overdue	6,454	15.30%	988	880	14.56%	128
More than 1 year overdue	-	-	-	1,741	19.13%	334
Total	**13,263**	**-**	**1,366**	**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.

(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 December 2018, 31 December 2017 and 31 December 2016, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

31 December 2018	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term						
financial liabilities (Note 8)	2,488,641	2,793,212	1,027,671	1,069,871	651,979	43,691
Trade payables (Note 9)	819,403	824,200	792,675	31,525		-
Other payables (Note 10)	181,302	194,215	125,157	-	69,058	-
Trade payables to related parties (Note 33)	308	308	308	-		-
Payables related to						
employee benefits (Note 22)	16,510	16,510	-	16,510	-	-
Deferred income (Note 20)	69,131	69,131	63,084	-	6,047	-
Other short-term provisions (Note 17)	7,989	7,989	-	7,989	-	-
Total	**3,583,284**	**3,905,565**	**2,008,895**	**1,125,895**	**727,084**	**43,691**

31 December 2017	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term						
financial liabilities (Note 8)	3,364,818	3,684,427	1,025,156	1,762,701	793,345	103,225
Trade payables (Note 9)	1,283,471	1,291,760	882,002	409,758	-	-
Other financial liabilities (Note 8)	666,291	666,291	-	-	666,291	-
Other payables (Note 10)	164,069	172,203	52,251	104,940	15,012	-
Trade payables to related parties (Note 33)	26,143	26,143	-	26,143	-	-
Other payables to related parties (Note 33)	850,000	850,000	-	850,000	-	-
Payables related to						
employee benefits (Note 22)	36,559	36,559	-	36,559	-	-
Deferred income (Note 20)	98,999	98,999	93,080	-	5,919	-
Other short-term provisions (Note 17)	36,724	36,724	-	36,724	-	-
Total	**6,527,074**	**6,863,106**	**2,052,489**	**3,226,825**	**1,480,567**	**103,225**

31 December 2016	**Book value**	**Contractual undiscounted cash flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short term and long term						
financial liabilities (Note 8)	2,289,220	2,417,348	468,313	1,012,791	902,005	34,239
Trade payables (Note 9)	943,534	949,374	687,847	261,527	-	-
Other financial liabilities (Note 8)	519,829	636,046	-	-	496,309	139,737
Other payables (Note 10)	353,035	369,776	138,758	111,569	119,449	-
Trade payables to related parties (Note 33)	25,411	25,411	-	25,411	-	-
Other payables to related parties (Note 33)	850,000	850,000	-	-	850,000	-
Payables related to						
employee benefits (Note 22)	37,111	37,111	-	37,111	-	-
Deferred income (Note 20)	64,931	64,931	57,101	-	7,830	-
Other short-term provisions (Note 17)	40,498	40,498	-	40,498	-	-
Total	**5,123,569**	**5,390,495**	**1,352,019**	**1,488,907**	**2,375,593**	**173,976**

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

d) Fair value of financial instruments

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

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

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

Monetary assets

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

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

(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)

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

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

The net liability/total equity ratio as of 31 December 2018, 31 December 2017 and 31 December 2016 is summarized below:

	31 December 2018	31 December 2017	31 December 2016
Total liability[1]	3,785,595	7,017,635	5,521,896
Less: Cash and cash equivalents (Note 6)	(3,817,966)	(1,708,658)	(1,512,345)
Net liabilities	**(32,371)**	**5,308,977**	**4,009,551**
Equity attributable to equity holders of the parent company	6,661,678	2,961,166	3,232,623
Total equity	**6,629,307**	**8,270,143**	**7,242,174**
Net liability/Total equity ratio	**(0%)**	**64%**	**55%**

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

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

31 December 2018 **Financial assets**	**Note**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Instruments designated as hedges of financial risk**	**Instruments at fair value through profit or loss**	**Carrying value**
Cash and cash equivalents	6	3,817,966	-	-	-	-	3,817,966
Trade receivables from non-related parties	9	1,864,389	-	-	-	-	1,864,389
Trade receivables from related parties	33	6,800	-	-	-	-	6,800
Other receivables from non-related parties	10	11,048	-	-	-	-	11,048
Other receivables from related parties	33	20,536	-	-	-	-	20,536
Derivative instruments	21	-	-	-	51,834	-	51,834
Financial investments	7	-	619,766	-	-	-	619,766
Financial liabilities							
Short and long term financial liabilities	8	-	-	2,488,641	-	-	2,488,641
Trade payables to non-related parties	9	-	-	819,403	-	-	819,403
Trade payables to related parties	33	-	-	308	-	-	308
Other payables to non-related parties	10	-	-	181,302	-	-	181,302
Payables related to employee benefits	22	-	-	16,510	-	-	16,510
Derivative instruments	21	-	-	-	69,084	-	69,084

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

(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 **Financial assets**	**Note**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Instruments designated as hedges of financial risk**	**Instruments at fair value through profit or loss**	**Carrying value**
Cash and cash equivalents	6	1,708,658	-	-	-	-	1,708,658
Trade receivables from non-related parties	9	2,249,438	-	-	-	-	2,249,438
Trade receivables from related parties	33	10,227	-	-	-	-	10,227
Other receivables from non-related parties	10	48,449	-	-	-	-	48,449
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	-	-	1,283,471	-	-	1,283,471
Trade payables to related parties	33	-	-	26,143	-	-	26,143
Other payables to non-related parties	10	-	-	164,069	-	-	164,069
Other payables to related parties	33	-	-	850,000	-	-	850,000
Payables related to employee benefits	22	-	-	36,559	-	-	36,559
Derivative instruments	21	-	-	-	1,098	-	1,098
Other financial liabilities	8	-	-	666,291	-	-	666,291

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

(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 2016 Financial assets	Note	Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Instruments at fair value through profit or loss	Carrying value
Cash and cash equivalents	6	1,512,345	-	-	-	-	1,512,345
Trade receivables from non-related parties	9	1,514,581	-	-	-	-	1,514,581
Trade receivables from related parties	33	9,573	-	-	-	-	9,573
Other receivables from non-related parties	10	46,253	-	-	-	-	46,253
Other receivables from related parties	33	10,726	-	-	-	-	10,726
Derivative instruments	21	-	-	-	551	-	551
Financial investments	7	-	365,468	-	-	-	365,468
Financial liabilities							
Short and long term financial liabilities	8	-	-	2,289,220	-	-	2,289,220
Trade payables to non-related parties	9	-	-	943,534	-	-	943,534
Trade payables to related parties	33	-	-	25,411	-	-	25,411
Other receivables from related parties	33	-	-	850,000	-	-	850,000
Other payables to non-related parties	10	-	-	353,035	-	-	353,035
Payables related to employee benefits	22	-	-	37,111	-	-	37,111
Other financial liabilities	8	-	-	519,829	-	-	519,829

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

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

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

- First Level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- Second Level: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on prices from observable current market transactions.

- Third Level: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

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

		Fair value level as of reporting date		
Financial assets	**31 December 2018**	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Derivative instruments held for sale at fair value through profit or loss (Note 21)	51,834	-	-	51,834
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	196,084	-	196,084	-
Bonds and bills (Note 7)	423,682	423,682	-	-
Total	**671,600**	**423,682**	**196,084**	**51,834**
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 21)	69,084	-	-	69,084
Total	**69,084**	**-**	**-**	**69,084**

(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 for sale at fair value through profit or loss (Note 21)	83	-	-	83
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	125,137	-	125,137	-
Bonds and bills (Note 7)	71,743	71,743	-	-
Total	**196,963**	**71,743**	**125,137**	**83**
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 21)	1,098	-	-	1,098
Total	**1,098**	**-**	**-**	**1,098**

NOTE 36 - SHARES IN OTHER OPERATIONS

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

AYTEMİZ	31 December 2018	31 December 2017
Current assets	1,027,536	889,972
Non-current assets	750,900	639,677
Short-term liabilities	1,153,673	799,718
Long-term liabilities	160,284	207,041
Total equity	464,479	522,890
	1 January - 31 December 2018	**1 January - 31 December 2017**
Revenue	8,116,981	5,500,291
Cost of sales	(7,790,681)	(5,193,727)
Gross profit/(loss)	326,300	306,564
Profit/(loss) for the period	(133,869)	25,474

NOTE 37 – SUBSEQUENT EVENTS

In the meeting of Doğan Holding's Board of Directors dated 7 January 2019, it has been decided to increase the capital of İlke Turistik Yatırımlar A.Ş, which is a direct subsidiary of the Group and the Group owns 100% of share in its paid-in capital of TRY 650,000,000 (exact), by TRY 449,632,000 (exact) to TRY 1,099,632,000 (exact). The increase was completed from the internal resources. And due to the completion, Doğan Holding has decided to transfer the receivable amounting to TRY 449,632,000 (exact) from İlke Turistik Yatırımlar A.Ş., which is followed under "Receivables from Subsidiaries" to the related sub-account in the "Subsidiaries", by making the necessary accounting records.

Capital Markets Board of Turkey (CMB) approved the increase of total issued share capital of Milpa, which is a subsidiary of the Group, from TRY 178,354,952 (exact) to TRY 208,000,000 (exact) with a nominal value of TRY 29,645,048 (exact) shares, all in cash, and notified Milpa with the letter dated 14 February 2019 and numbered 29833736-105.01.01.01-E,2364. The right to buy new shares, in accordance with the principles specified in the prospectus started to be used between the dates of 15 February 2019 and 1 March 2019, 15 days period.

At the meeting of Doğan Holding's Board of Directors dated 12 February 2019, it has been decided to determine the amount of participation by TRY 15,900,000 (exact) in capital increase of Aslancık Elektrik, that is approved by Aslancık Elektrik's extraordinary general assembly meeting on 30 January 2019. Participation to be made through Doğan Enerji, a subsidiary of the Group, that has a 25% stake in the paid-in capital of TRY 165,000,000 (exact) in Aslancık Elektrik. In addition, Doğan Enerji, that has a share of 8.33% in the share capital of Aslancık Elektrik, has decided to use all of its right to buy new shares in the capital increase and the amount of participation was determined as TRY 5,300,000 (exact).

The Goldman Sachs Group, Inc. (GLQ Holdings Ltd.) has acquired non-controlling shares by participating in the capital increase of Glokal, a subsidiary of the Group.

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