



CARING  
VALUES  
ADDING  
VALUES

**DOĞAN HOLDİNG**

ANNUAL REPORT 2017

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# MESSAGE FROM THE HONORARY CHAIRMAN

Esteemed Stakeholders of Doğan Holding,

The world and Turkey passed through a series of tough challenges in 2017. We experienced difficult times, as the terror problem became widespread, political uncertainty increased and economic expectations were not met in full.

Not all of these were the first challenges I had faced in my life. In my nearly 60 years in business, I went through numerous other rough patches with cumbersome conditions. In such periods, we always knew how to overcome these problems and found ways to grow. We lived up to these challenges and managed to expand in a healthy manner by confronting reality as it is, not compromising our values, and upholding our vision and most important of all our country's interests. This experience is one of the major reasons why we look ahead with hope at Doğan Group.

Doğan Group companies are distinguished from their competitors with their unique characteristics in each sector.

What makes us unique is our basic moral values, our effort to go beyond commercial values so as to contribute to our country in all our business lines, especially the media, and our unfaltering commitment to democracy.

Cognizant of the new risks posed by the world economic order for our country, we have initiated the necessary change and transformation process. In due consideration of the upcoming risks of 2018, we focus on productivity, innovation and healthy growth in all of our business lines. As we progress in this direction, our transparent, fair and ethical management approach will be maintained with the same resolve.

In all these processes, I enjoyed the bliss of experiencing the solidarity and power of our employees whom I see as part of my family, and of our shareholders and stakeholders who always showed us understanding and support.

Hereby, I would like to extend my thanks and gratitude to our employees, shareholders and stakeholders and nation for their unfaltering support.

Best regards,



**Aydın Doğan**  
Doğan Holding Honorary Chairman

**“ AS A HOLDING, FOUNDED AND CONTINUING TO OPERATE IN THIS LAND, WE HAVE ALWAYS UPHOLD THE VALUES OF OUR COUNTRY. WE WERE INSPIRED BY THESE VALUES WHEN FORGING OUR OWN VALUES. ”**



CARING

VALUES

ADDING

VALUES

# WE CARE AND WE VALUE

---

the right to life,

---

health and safety,

---

trust and appreciation,

---

respect for honor, choices

---

and serving

**PEOPLE.**

# DOĞAN HOLDİNG IN BRIEF

## AN INNOVATIVE AND PIONEERING ROLE-FROM THE MEDIA TO ENERGY, INDUSTRY TO TOURISM...

Doğan Group has been adding significant value to the Turkish economy for nearly 60 years. The foundation of Doğan Holding was laid when Honorary Chairman Aydın Doğan registered with the Mecidiyeköy Tax Office in 1959 and established his first company in the automotive sector in 1961. Today, Doğan Group companies, with their innovative approach and forward-looking vision, play a pioneering role in a wide range of sectors, which include the media, energy and retail, as well as industry, motor vehicle and real estate marketing, tourism and financial services.

Each boasting a flexible management structure, Group companies embrace a quality- and customer-focused management approach that is open to change. These companies successfully couple this approach with the other integral components of our corporate culture, namely, transparent communications and effective teamwork. Doğan Holding and all Group companies put into practice corporate and ethical values, which set an example for other companies in the business world.

Aiming for global success in all its industrial and trading activities, Doğan Group keeps abreast of domestic and international developments in every business line in which it conducts operations. With its high-quality products and services, the Group operates across a wide geographic region through strategic partnerships with leading multinational groups.



The well-qualified and highly competent workforce of Doğan Group has been the key factor underlying this success. The Group, together with its subsidiaries, run as joint ventures, directly offers employment to approximately 8,247 people and is an important figure in national employment.

## CONSOLIDATED REVENUES (TL MILLION)

**+35%** 

2015 5,951

2016 7,755

2017 10,478





# FINANCIAL INDICATORS

Doğan Holding posted successful financial and operational results in 2017.

DOĞAN HOLDİNG'S TOTAL ASSETS  
ROSE TO TL 9.3 BILLION.

REVENUE  
INCREASE

35%

## CONSOLIDATED FINANCIAL INDICATORS

Consolidated Statement of Financial Position Summary TL million	Restated		Restated
	Audited	Previous Period	Previous Period
	31.12.2017	31.12.2016	31.12.2015
Total Assets	9,279	8,253	7,869
Current Assets	4,892	3,912	3,971
Non-current Assets	4,386	4,341	3,898
Short-term Liabilities	4,308	2,789	2,701
Long-term Liabilities	1,970	2,026	1,705
Shareholders' Equity	3,000	3,438	3,463

Audited			
Consolidated Statement of Profit or Loss Summary TL million	Restated		Restated
	Audited	Previous Period	Previous Period
	31.12.2017	31.12.2016	31.12.2015
Revenue	10,478	7,755	5,951
Gross Profit	1,433	1,278	1,027
Operating Profit/(Loss)	353	258	260
EBITDA	611	483	347
EBITDA Margin (%)	5.8%	6.2%	5.8%
Net Profit/(Loss) Attributable to Equity Holders of the Parent Company	-472	-219	-161



EBITDA  
INCREASE

26%

## FINANCIAL INDICATORS

Profitability Ratios (%)	2017	2016	2015
Gross Profit Margin	13.7	16.5	17.3
Operating Profit Margin	3.4	3.3	4.4
EBITDA Margin	5.8	6.2	5.8

Ratios (%)	2017	2016	2015
Current Ratio	1.14	1.40	1.47
Liquidity Ratio	1.00	1.24	1.33
Debt/Equity Ratio	2.09	1.40	1.27

## SEGMENT ANALYSIS

(TL million)	2017		2016	
	Net Sales	EBITDA	Net Sales	EBITDA
Publishing	1,151	83	1,100	86
Broadcasting	1,122	45	1,091	131
Retail	802	26	676	25
Energy	6,501	299	4,334	230
Other	902	158	553	10
<b>Total</b>	<b>10,478</b>	<b>611</b>	<b>7,755</b>	<b>483</b>

\* Since the figures in the table are rounded, there may be negligible differences in sum totals and change rates.

# STRUCTURE OF DOĞAN HOLDİNG

Doğan Holding continues its activities with a sustainability strategy focused on creating value by assuming an innovative and pioneering role in all business lines-from the media to energy, retail to industry.

## MEDIA



### PUBLISHING

HÜRRİYET  
DOĞAN GAZETECİLİK  
DOĞAN BURDA  
DOĞAN EGMONT  
DOĞAN DAĞITIM  
DOĞAN HABER AJANSI  
(DHA)

### BROADCASTING

DOĞAN TV  
NATIONAL CHANNELS  
DIGITAL PLATFORM  
PRODUCTION  
RADIO

## ENERGY



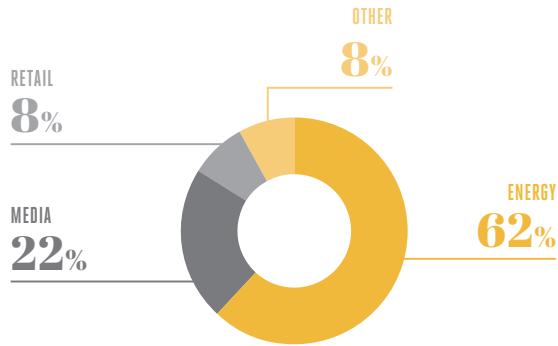
### FUEL OIL DISTRIBUTION, SALES AND OTHER

AYTEMİZ  
GAS PLUS ERBİL

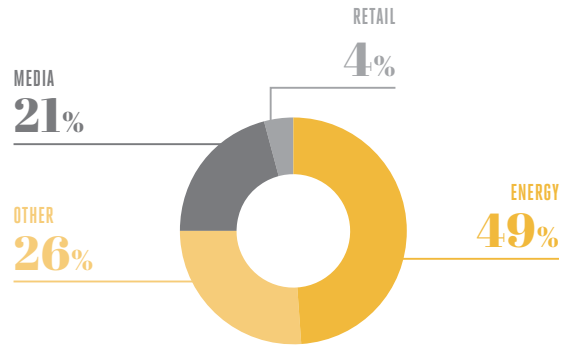
### ELECTRICITY GENERATION AND TRADE

WIND  
GALATA  
HYDRO  
BOYABAT  
ASLANCIK  
ELECTRICITY TRADE  
DOEL

## CONSOLIDATED REVENUES BY SEGMENT



## EBITDA BY SEGMENT 2017\*



\* EBITDA by segment has been calculated by the Company.

### RETAIL



### INDUSTRY AND TRADE



### TOURISM



### FINANCIAL SERVICES



#### MUSIC AND BOOKSTORE

D&R

#### INDUSTRY ÇELİK HALAT

DİTAŞ

#### TRADE SUZUKI

GLOKAL

TREND

DOĞAN DIŞ TİC.

MİLPA

MİLTA

MARLIN

NETA

İLKE

DORUK FAKTORİNG

DORUK FİNANSMAN

ÖNCÜ GSYO



" TURKEY'S COMMON VALUES:  
LET'S DISCOVER THEM AND WALK  
TOGETHER INTO THE FUTURE "

*Begümhan Doğan Faralyalı*

Y. BEGÜMHAN DOĞAN FARALYALI  
CHAIRWOMAN

# MESSAGE FROM THE CHAIRWOMAN

Esteemed Shareholders, Business Partners and Employees,

The year 2017 was marked by critical political, social and economic developments in Turkey and at a global level. Foremost among these were social polarization, income inequality and mass migration. As a result, the number of people who have been displaced from their homes reached 65 million across the world. Huge gaps have appeared in terms of income inequality. These aggravated problems have led to various political tendencies - sometimes populist, sometimes radical - in many countries, which have started to challenge democratic structures. Global economic collaboration and trade started to be questioned as well.

On top of these macro problems, we also observe increasing difficulty in making a difference among brands. While technology offers opportunities for spreading marketing activities, brands that cannot adapt quickly are having a harder time. In other words, we are going through a period when generating revenue and accumulating capital are more difficult than in the previous decades.

We are cognizant of these issues while shaping our operations.

## Efficiency, Sustainable Growth, Synergy

At Doğan Group, in the beginning of 2017, we had mentioned that we would focus on "efficiency, sustainable growth and intra-group synergy." In line with these overall objectives, we have experienced many developments throughout the year.

First of all, we restructured the Holding and its Executive Committee. We also made important management changes in some of our Group companies. For the first time in a long while, we assigned different responsibilities at the Group to successful executives. For the purposes of efficiency,

we decided to exit the business segments where we failed to achieve as much value added as we aimed, and put this decision to practice. As such, we brought our consolidated total assets up to TL 9.3 billion and total revenues to TL 10.5 billion, in a 35% increase over the prior year. Our investments in the last three years increased the compound annual growth rate of our consolidated revenues to 44%. In order to extend these achievements to international markets, we are keeping a close watch on new growth areas, important projects and opportunities. We also aim to enter business segments that we believe present future opportunities.

## Growth through Values

In any business segment or market, we believe that concrete criteria and working principles are essential for success. In 2017, our Group made significant progress to this end. In a vast survey with participation from all our companies, we sought answers to the question "How can we develop our values?" Based on the results attained, we reviewed our values, and clarified them further to carry us forward under changing market conditions. We aim to associate business values with performance criteria so as to make them a part of our continuous development. The new stages of this initiative will lay the groundwork for our in-house transformation and human resources progress in 2018.

The coming years will testify to the development of artificial intelligence and robots. As these developments test companies' power to change, teamwork and synergy will gain even more importance. Therefore, we need team players and leaders with a small ego but big heart, who are conscientious and highly qualified, who decide together, share life and manage to take off together. Our aim is to enhance our Group's habit of producing together in this direction and to enrich our human resources.

## From Business Values to Common Values

Our Group does not conceive "values" only in the context of commercial values. We believe that a value-centered approach is necessary in every field, in particular in the Turkish business community. We embody this belief into social responsibility activities. The common values movement initiated by us in 2016 around the motto "Let's Discover Turkey's 'Common Values' and Walk Together into the Future," continued in 2017 as well. Doğan Group not only organized workshops bringing together distinct groups from across the country, but also voluntarily supported the "Here Are Our Values Conference" held in Istanbul. In addition, project competitions were organized to support the efforts of universities and non-governmental organizations to uphold common values against social polarization.

## Towards the Future

Today, Doğan Group has brands, services, and physical spaces that touch upon the lives of at least 60% of Turkey's population every day. We also know the value of our commercial reputation and strength, as a corporation that is approaching its 60<sup>th</sup> anniversary. In our investments in Turkey as well as overseas, we never diverge from our objective of adding value to our customers, business partners, and of course stakeholders. To this end, we say, "We are here to add value to the lives of everyone whose lives we touch, as a sustainable corporation that achieves in cooperation, learns continuously, and creates an impact much larger than its own structure." In order to live up to this promise, we will continue to fully embrace our work and work with passion in the next fiscal year, as we have always done.

Best regards,



**Y. Begümhan DOĞAN FARALYALI**  
Chairwoman

# BOARD OF DIRECTORS<sup>(1)</sup>



**Y. Begümhan DOĞAN FARALYALI**  
Chairwoman



**Hanzade V. DOĞAN BOYNER**  
Vice-Chairwoman



**Arzuhan DOĞAN YALÇINDAĞ**  
Board Member



**Vuslat DOĞAN SABANCI**  
Board Member



**Yağmur ŞATANA<sup>(2)</sup>**  
Executive Director



**İmre BARMANBEK**  
Board Member



**Tayfun BAYAZIT**  
Independent Board Member



**Dr. A. Vural AKIŞIK**  
Independent Board Member



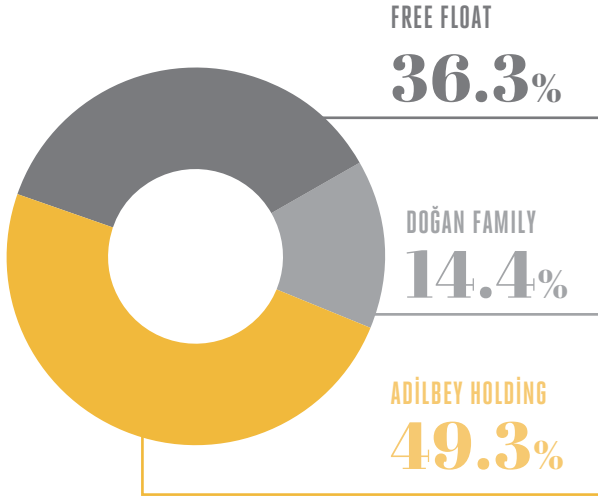
**Hacı Ahmet KILIÇOĞLU**  
Independent Board Member

<sup>(1)</sup> Board Members were elected at the Ordinary General Assembly Meeting for the 2016 accounting period held on 31.03.2017, to serve until the Ordinary General Assembly Meeting for the 2017 accounting period. The resumes of the members elected to the Board of Directors are available on the Company's Corporate Web Site ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

<sup>(2)</sup> Upon a decision of the Board of Directors dated 03.10.2017 and numbered 2017/24, Board Member Yağmur Şatana has been appointed as "Executive Director" and Chief Executive Officer as of 03.10.2017.



# OUR SHAREHOLDING STRUCTURE



Doğan Holding's shareholders and the historical values of shares in equity at December 31, 2017 and December 31, 2016 are as follows:

Shareholders	Share (%)	December 31, 2017 (TL thousand)	Share (%)	December 31, 2016 (TL thousand)
Adilbey Holding A.Ş.	49.32	1,290,679	49.32	1,290,679
Doğan Family	14.41	377,126	14.41	377,126
Publicly Traded on Borsa İstanbul <sup>(1)</sup>	36.27	949,133	36.27	949,133
Issued Capital	100.00	2,616,938	100.00	2,616,938

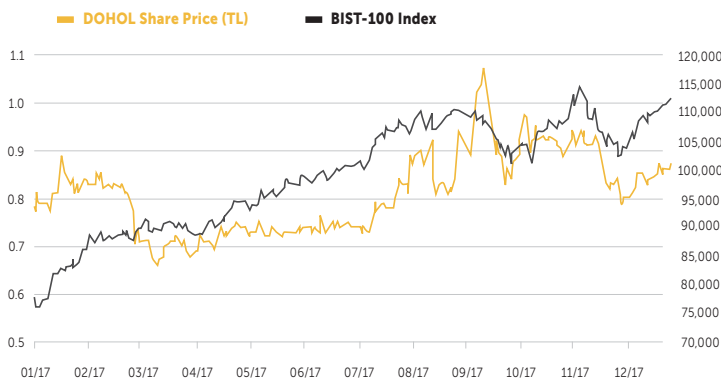
<sup>(1)</sup> Within the frame of Resolution No. 21/655 dated 23 July 2010 of the CMB with the decision on 30 October 2014 numbered 31/1059, according to the records of the Central Registry Agency ("CRA"), 35.95% shares of Doğan Holding are to be considered in circulation as of 31 December 2017 (31 December 2016: 35.95%). As of 7 March 2018, the circulation rate of shares was 35.95%.

## STOCK PERFORMANCE

The shares of Doğan Holding and its subsidiaries presented below are listed on the Istanbul Stock Exchange (BIST). The closing prices of these shares as of December 29, 2017 are presented in the table below.

Doğan Group Companies	BIST Ticker	Share Price* (TL)	Share Amount* (Million)	M-Cap (TL million)
Doğan Şirketler Grubu Holding A.Ş.	DOHOL	0.87	2,617	2,277
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	HURGZ	1.34	552	740
Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş.	MIPAZ	2.16	178	384
Doğan Gazetecilik A.Ş.	DGZTE	2.76	105	290
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	DOBUR	3.32	20	66
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş.	DITAS	6.07	10	61
Çelik Halat ve Tel Sanayii A.Ş.	CELHA	3.88	17	66

### DOĞAN HOLDİNG SHARE PRICE (TL) VS BIST 100 INDEX



The share price of Doğan Holding, traded on the stock exchange under the ticker "DOHOL," varied between a low of TL 0.66 and a high of TL 1.07 in 2017. At 2017 year-end, the stock price increased 14% year-on-year, closing 2017 at TL 0.87. The BIST-100 Index went up 48% in 2017. Doğan Holding was included in the BIST Sustainability Index, consisting of companies with a high corporate sustainability performance in the period from November 2016 to October 2017. Doğan Holding will remain in the same index in the November 2017 to October 2018 period.

#### Indexes Participated by Doğan Holding:

BIST CORPORATE GOVERNANCE/BIST İstanbul/BIST 30/  
BIST HOLDING AND INVESTMENT/BIST XUTUM/BIST 50/BIST  
FINANCIAL/BIST YILDIZ/BIST SUSTAINABILITY INDEX/BIST 100

“  
WE CONTINUE  
OUR ACTIVITIES  
IN DIFFERENT  
BUSINESS SEGMENTS  
IN A CONSISTENT  
MANNER, TOWARDS  
COMMON  
TARGETS.”

YAĞMUR ŞATANA  
CEO





# MESSAGE FROM THE CEO<sup>(3)</sup>

Esteemed Stakeholders,

Although the year 2017 began with a global economic agenda replete with geopolitical turmoil and political risks, the general expectation was for a better performance than in 2016.

2017 was a period when the global risk perception became positive due to the ongoing supportive measures of the major central banks. In 2017, economic activity maintained a positive trajectory not only in developed countries such as the USA and European Union, but also in emerging countries including Turkey. Some of the major data indicates that the world economy is passing through a milder phase. These data include: the increase of the growth rate of the Euro Zone from 2.0% in the first quarter to 2.3%, the growth of 5.2% in the total value added created by emerging economies in the second quarter on an annual basis, and the expansion of global exports by 8.6%.

Turkey's economy reached its highest growth rates since 2011 with an annual growth of 11.1% in the third quarter of 2017. Possibly, it will close the year with a growth rate close to 7%. Turkey will continue to attract global capital with its high growth performance drawing attention across the globe, a strong budget balance, and its success in keeping the current account-deficit at a manageable level despite energy imports due to the moderate outlook of energy prices. I believe that in 2018, the world economy and Turkey's economy will go one-step beyond mere recovery, and engage in new investments.

At Doğan Group, with our 12 thousand employees, we were active in the sectors of energy, retail, tourism, industry, financial services, real estate and motor vehicles marketing, not to mention our strong presence in the media. I believe that the effects of our Group's "Focusing and Efficiency" strategy, will become even more visible in the year 2018.

Our primary target in 2017 was to continue to increase our revenue and profitability in all the sectors we operate in, and to focus

on transformation and sustainability. To this end, our consolidated total assets attained TL 9.3 billion in 2017. Our revenues increased by 35% over the prior year to reach TL 10.5 billion in 2017. With the positive contributions from our energy investments, we have achieved a compounded annual growth rate of 28% between 2012-2017, and 44% for the last three years. Our Consolidated Gross Profit reached TL 1.4 billion, in a 12.1% increase over the previous year, while our Earnings Before Interest, Taxes, Depreciation and Amortization increased by 26% to TL 611 million.

If we take a look at each of the sectors we operate in, in the energy sector, the biggest increase in revenues came from Aytemiz, which managed to become the fastest growing brand in the sector in the last three years. In 2017, Aytemiz increased the number of its stations to 537, while continuing to expand its dealer network in line with its growth targets. A pioneer in the sale of the future's energy sources, Aytemiz began to offer the sector's very first fast electric charging service at its stations, and blazed a trail with its motorcycle-friendly practices that appeal to the community.

We also continue to grow in renewable energy. Doğan Enerji increased the capacity of Mersin WPP from 42 MW to 62.7 MW as of end-2017, and its total wind power capacity from 147 MW to 168 MW. Mersin WPP is among the most productive wind power plants in Turkey due to its location and production data, making huge contributions to the Doğan Enerji portfolio.

Doğan Enerji wants to grow in the field of renewable energy and has in its portfolio the Taşpınar WPP, which has a capacity of 60 MW and a preliminary license. We expect to complete the permit and license procedures for the project by the end of 2018. With these wind investments and by joining forces with the foremost Turkish renewable energy companies in hydro projects, I believe that we have so far taken many steps to help Turkey attain its renewable energy target.

In the media sector, we reach out to millions of people everyday as the leader of the ad market and Turkey's major content producer. We aim to enhance our strong position in the media by focusing on the opportunities of the digital age. As of the end of 2017, Hürriyet is the third biggest player in the market after Facebook and Google, with 1.7 billion page views and 215 million visitor sessions. Hürriyet Emlak has an average of 7 million unique visitors per month. Fanatik is the most-read sports newspaper in Turkey. In addition, Fanatik strengthens this success with fanatik.com.tr, which is the sports web site that gets the highest page views and unique visitor sessions. Posta's page views increased 150%, higher than the sector average, from 2016 to 2017.

Kanal D was one of the most-watched TV channels in 2017, while kanald.com.tr has retained the title "Turkey's most-visited TV website" for many years, with an average of 8.5 million unique visitors and over 1.1 billion page views throughout the year. Moreover, Kanal D became first in its sector in the "Broadcasting Services" category at "Turkey's Top 500 Service Exporters" award ceremony organized by the Turkish Exporters' Assembly (TIM) with the support of the Ministry of Economy. According to TNS data, CNN Türk became the most-watched news channel while cnntrk.com, according to Google Analytics data, became one of the fastest growing news web sites in 2017 with 20 million unique visitors and close to 200 million page views per month.

In the retail sector, D&R delivers its unique service in hobby and culture across a vast geography. As of end-2017, D&R has reached a total of 169 stores. D&R stores are visited by an average of 5 million people per month; meanwhile, the number of unique visitors to D&R's online stores in 2017 increased by 22% compared to the previous year to reach 5.5 million visitors per month. D&R, the market leader with its product range and vast store network, will continue to invest in both e-commerce and retail in order to maintain its market position and raise brand awareness in 2018.

<sup>(3)</sup> With a BoD resolution dated 03.10.2017 and numbered 2017/24, Board Member Yağmur Şatana has been appointed "Executive Director" and Chief Executive Officer as of 03.10.2017.

## MESSAGE FROM THE CEO

**DOĞAN HOLDING HAS ALWAYS BEEN AN INSTITUTION THAT SEIZES THE OPPORTUNITIES THAT ENABLE US TO MANAGE OUR BUSINESS MORE INNOVATIVELY AND CREATE SYNERGY IN THE BUSINESS LINES WE OPERATE IN.**

Active in industry, Çelik Halat and Ditaş increased their revenues and profits above the previous year in 2017, creating a positive effect on Doğan Holding's consolidated results. Çelik Halat is a strong and leading brand in the Turkish industry, as the first producer of steel wire rope, with strong sector experience, corporate structure and sales volume. Ditaş, with its 45 years of experience, took important steps towards becoming a prominent supplier of original products in the world market and a well-known brand in the replacement market, as one of Turkey's largest steering and suspension system parts manufacturers. At the same time, Ditaş transformed its deeply rooted engineering infrastructure in a future-looking manner and became an R&D center in 2017.

We had made a re-entry to the automotive sector in 2015 by becoming the Turkey distributor of the Japanese brand Suzuki; in 2017, we increased our sales volume. Suzuki completed 2017 as the leader of the B-SUV segment with the model Vitara. As a result of this sales performance, Suzuki Turkey was designated and awarded as being the top performer in Europe in terms of sales increase.

In June 2017, Doruk Faktoring obtained a permit from the Capital Markets Board for issuing debt instruments worth TL 300 million, and realized its first bond issue in September 2017 at a nominal value of TL 90 million. This resource, which was created as an addition to shareholders' equity development, added momentum to the ongoing fast growth. With the rapid growth of Doruk Faktoring in 2017 and 2018, I believe that we will strengthen our high ranking in terms of assets and profitability. In 2017, Doruk Finansman's 49% share in Deutsche Bank AG was fully acquired by Doğan Holding. Doruk Finansman was restructured in 2017 and stepped up its consumer and commercial financing transactions in the last quarter of the year. In 2018, Doruk Finansman aims to extend its balance sheet and market share rapidly with its vast customer base covering numerous sectors and firms, and its credit risk concentration perspective.

Doğan Holding has always been a corporation that seizes the opportunities that make our business more efficient and productive, strengthen our pioneering and innovative management approach, and create synergies in our business lines. To this end, we invest in innovative and online fields that have strategic importance for Doğan Group, via our venture capital company Öncü. Öncü's activities constitute not only important business opportunities but also make a positive contribution to small investors and the country.

*We expect 2018 to be a year when the effects of our "Focusing and Efficiency" strategy will become more and more visible...*

In line with our strategic plans and risk assessments, we will continue to uphold productivity, innovation, digitalization, capacity increases and new investments in all sectors which we operate in. Especially in the media sector, we prioritize the efficiency opportunities offered by digitalization as an important part of our strategic plans and daily operations.

In 2018, we aim to strengthen our presence in foreign markets while maintaining our domestic market leadership in the sectors which we operate in.

The general dynamic of our Group is to grow our existing businesses organically, while focusing on new areas of opportunity. As we maintain our sustainable growth in our core business lines, we also keep an eye on opportunities in new business lines.

In 2018, we shall continue on our path with the same resolve and excitement, while contributing to and creating value for our country and business partners in our sectors, and enhancing social well-being in the regions where we are active.

Hereby, I extend my thanks to our customers, business partners, colleagues and shareholders who contributed to the successful results we achieved in 2017.

Best regards,



**Yağmur ŞATANA**  
CEO

# DOĞAN HOLDING EXECUTIVE COMMITTEE



**Yağmur ŞATANA**

Executive Director of the  
Board of Directors / CEO



**Ahmet TOKSOY**

Executive Committee Member /  
Chief Financial Officer - CFO



**Tolga BABALI**

Executive Committee  
Member, Financial and  
Operational Management



**Vedat Mungan**

Executive Committee  
Member, Strategic Planning  
and Business Management

# DOĞAN HOLDING MANAGEMENT TEAM



**Kemal SERTKAYA**

Head of Audit and Risk  
Management



**Erem Turgut YÜCEL**

Chief Legal Counsel



**Ayhan SIRTİKARA**

Secretary General



**Aygen Leyla  
AYÖZGER ÖZVARDAR**

Vice President, Business  
Development



**Mehmet YÖRÜK**

Vice President, Finance and  
Portfolio Management



**Murat DOĞU**

Vice President Capital Markets,  
Financial Reporting and  
Budget



**Neslihan SADIKOĞLU**

Vice President, Corporate  
Communication and  
Marketing



**Selma UYGUÇ**

Vice President, Law-Associates  
and Consulting Services

# HIGHLIGHTS OF 2017

AS OF DECEMBER 31, 2017,  
DOĞAN HOLDING'S CONSOLIDATED  
CASH AND CASH EQUIVALENTS  
AND FINANCIAL INVESTMENTS  
AMOUNTED TO TL 1,780 MILLION.

CONSOLIDATED REVENUES  
(TL BILLION)

# 10.5

## FINANCIAL PERFORMANCE

Doğan Holding's consolidated total assets increased by 12% over the previous year to reach TL 9,279 million in 2017. While the Company's consolidated short-term liabilities amounted to TL 4,308 million (31.12.2016: TL 2,789 million), its long-term liabilities stood at TL 1,970 million (31.12.2016: TL 2,026 million).

As of December 31, 2017, Doğan Holding's consolidated cash and cash equivalents and financial investments amounted to TL 1,780 million. The Company's consolidated net debt, which includes short- and long-term borrowings, other debt and other long term financial liabilities, totaled TL 2,251 million (31.12.2016: TL 1,221 million net debt), while stand-alone net debt stood at TL 175 million (31.12.2016: TL 79 million stand-alone net cash).

**Consolidated revenues** of Doğan Holding increased by 35% in 2017 to TL 10,478 million. As a result of new investments in recent years, Doğan Holding has increased the share of its energy segment in total revenues. With the positive contribution of energy investments, Doğan Holding's consolidated revenues attained a 44% compounded annual growth rate between 2014-2017. The biggest contribution to this increase in Doğan Holding's revenues came from Aytemiz, in which the Holding acquired a 50% share in 2015. The increase in the number of Aytemiz dealerships boosted the increase in fuel oil & LPG sales revenues.

Media segment revenues grew by 5% over the previous year in 2017 while retail segment revenues increased by 18.7% to TL 802 million in the same period. The revenues of industry companies, which constitute a major part of Doğan Holding's other revenues, came in 40.4% higher than in the previous year; vehicle sales revenues, which include motor vehicles marketing activities, increased by 73.7%. Doğan Holding had returned to the automotive sector in 2015 by becoming the Turkey distributor of the Japanese brand Suzuki. The Holding then became the distributor of Piaggio and joined forces with PACCAR in 2016 to undertake the sales and after-sales operations of DAF-branded heavy commercial vehicle sales, all of which helped bring about this increase in motor vehicles marketing revenues.

Doğan Holding's **consolidated gross profit** was 12.1% higher than in the previous year, reaching TL 1,433 million. The improvement in gross profit was due to the increase in the activities of segments outside the media. With the positive contributions of "Energy" and "Other" segments, Doğan Holding's **EBITDA** increased by 26.5% to TRY 611 million (2016: TRY 483 million).





## CONSOLIDATED REVENUE INCREASE (2014-2017/CAGR)

# 44%

**Net Other Income from Operating Activities**, which had amounted to TL 229.5 million in 2016 due to the TL 57 million fair value increase in investment property, dropped to TL 181.8 million in 2017 owing to the decline in foreign exchange gains this year.

**Investments Accounted for by the Equity Method** showed a loss of TL 74.8 million in 2017, compared to a loss of TL 169.1 million in the previous year due to the net loss of the Group's JV company Boyabat Elektrik. Doğan Holding has given guarantee amounting to USD 78.7 million (TL 297.0 million) (December 31, 2016: USD 64.4 million or TL 226.6 million) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is calculated by taking into account the application of TAS 28 item 39 and the Group's share of net liabilities at Boyabat Elektrik; even if the net assets of the Group have fallen to zero or below, it is limited to the amount of guarantee the Holding gives to the project-financing loan.

**Net Expenses from Investment Activities** rose to TL 84.6 million in 2017, due to the foreign exchange losses related to the share purchase commitment, and finance expenses (2016: TL 59.1 million in net income).

**Net Finance Expenses** rose to TL 497.3 million in 2017 from the previous year's level of TRY 380.1 million owing to rising interest expenses on bank borrowings.

Doğan Holding's Loss for the Period from Discontinued Operations stood at TL 252.4 million in 2017 (2016: TL 84.7 million). The Group has a 97.29% share in Trader Media East Ltd. ("TME"). The Russia-based Pronto Media Holding, an indirect subsidiary of TME, decided to discontinue its online platforms with a Board of Directors resolution dated November 22, 2017, owing to the intense competition in the markets and the failure to bring operational performance to the desired levels. Upon this resolution, the online activities were discontinued and reclassified as discontinued operations. In the period ending on December 31, 2017, a TL 279.1 million impairment provisions was allocated as regards these assets, and the said amount was shown in the income/loss statement under the Discontinued Operations.

According to Doğan Holding's 2017 financial results, the net loss attributable to equity holders of the parent company was TL 472 million (2016: TL 219 million). The main reason for the increase in the loss was the TL 252.4 million loss in Discontinued Operations. In addition, the decline in the operating profitability of the broadcasting segment, net expenses from investment activities and the impact of finance expenses also led to an increase in losses.

## HIGHLIGHTS OF 2017

CONTINUING ITS FAST GROWTH AS AN ADVERTISING MEDIUM, THE INTERNET RANKED NUMBER TWO AFTER TV CHANNELS.

### SEGMENT ANALYSIS

#### Media

Active in the media sector for nearly 40 years, Doğan Holding boasts the pioneer and leading brands of both conventional and new media under its umbrella. The Group leads the sector in terms of service and content on offer, and maintained its leadership position in the ad market.

**Ad Market in Turkey:** According to data obtained from Doğan Holding's Medyanet/Media Research and Reporting Department, the Turkish ad market in 2016 expanded 8.9%, and then grew by 5.1% in 2017, from TL 7,096 million to TL 7,456 million.

Television channels captured the lion's share of the total ad market as in previous years with a 50% (2016: 50%) share in 2017. Ad spending on TV channels is estimated to have risen by 5.7% in 2017 over the prior year to TL 3,764 million.

Continuing its fast growth as an advertising medium, the internet ranked number two after TV channels. According to data for 2017, internet ad spend is estimated to have increased by 14.5% in 2017, climbing to TL 2,117 million. As a result, the internet captured 28% of Turkey's total ad spending (2016: 26%).

#### AD SPENDING IN TURKEY (TL MILLION)

(January – December)	2017	2016	Change (%)
Television	3,764	3,561	5.7
Internet	2,117	1,849	14.5
Newspaper	665	804	-17.3
Outdoor	522	496	5.3
Radio	208	200	3.6
Magazine	101	110	-8.5
Cinema	79	76	3.9
<b>Total</b>	<b>7,456</b>	<b>7,096</b>	<b>5.1</b>

\* Since the figures in the table are rounded, there may be differences in the change percentages.

NEWSPAPER CIRCULATION MARKET SHARE OF DOĞAN GROUP

21%

## HÜRRİYET DAILY NET CIRCULATION (THOUSAND)

# 321



### Media/Publishing

#### Print Ad Spending in Turkey and Doğan Group:

In 2017, the share of print in total ad spend continued to fall. Newspaper ad spend dropped 17.3% to TL 665 million, while magazines declined 8.5% to TL 101 million. In 2017, Hürriyet and Doğan Burda maintained their leadership position in total newspaper and magazine ad spend, respectively.

#### Newspaper Circulation in Turkey and Doğan Media Group:

According to Turkish Press Advertisement Agency data, average daily newspaper circulation was at 3,292 thousand copies across Turkey in 2017 (2016: 3,636 thousand). An important factor behind this drop was the closing down of certain newspapers with a state of emergency statutory decree issued in July 2016. The average for December 2017 is 3,266 thousand, around the same level with the average for December 2016.

In 2017, Hürriyet Group's average daily net circulation (Hürriyet and Hürriyet Daily News) amounted to 321 thousand copies (2016: 343 thousand,) while this figure was 359 thousand copies for Doğan Gazetecilik (Posta and Fanatik) (2016: 414 thousand). Hürriyet newspaper solely accounted for 316 thousand copies (2016: 338 thousand), while Posta realized an average daily net circulation of 259 thousand copies

in 2017 (2016: 301 thousand). Doğan Group as a whole recorded an average daily net circulation of 680 thousand in 2017 (2016: 757 thousand) (excluding Radikal), with an estimated market share of 20.7% (2016: 20.8%).

The website [www.radikal.com.tr](http://www.radikal.com.tr), which operates in digital format under the umbrella of Hürriyet, ended its operation such as news articles and columns as of August 15, 2016.

#### Magazine Circulation in Turkey and Doğan Media Group:

Based on Doğan Burda Magazine Sales Department data, 8.6 million copies were sold in the total ad-receiving magazine market – which includes Doğan Burda – in Turkey in 2017, a contraction of 13% compared to the previous year. The drop in magazine circulation was mainly due to some groups' withdrawal from the magazine market, and the fulfillment of the content needs from digital publishing.

Together with **Doğan Burda** and the children's magazines published by **Doğan Egmont**, Doğan Magazine Group's total magazine sales amounted to 3.3 million copies in 2017 (2016: 4.0 million) with a total market share of 38% (2016: 40%). The drop in circulation numbers was due to a drop in sales in youth, PC and technology magazines and the discontinuation of some seasonal magazines.

IT IS ESTIMATED THAT THE DOĞAN  
MAGAZINE GROUP HAD A MARKET  
SHARE OF 38% IN 2017.

## HIGHLIGHTS OF 2017

**IN 2017, CONSOLIDATED PUBLISHING REVENUES (BEFORE INTER-SEGMENT ELIMINATIONS) INCREASED 6.8% OVER THE PRIOR YEAR TO TL 1,216.3 MILLION.**

With a total of 75 titles (two weekly magazines, 16 monthly magazines, six special periodic magazines, and other miscellaneous magazines) on offer, **Doğan Burda** sold 3.3 million copies (2016: 3.8 million), thereby maintaining its market leadership position with a 38% share in 2017.

### Financial Review of Publishing Segment

In 2017, consolidated publishing revenues (before inter-segment eliminations) increased 6.8% over the prior year to TL 1,216.3 million. Total publishing ad revenues declined by 3.6% in 2017 over the previous year, due to the contraction in the domestic newspaper ad market. Circulation and printing revenues increased by 5.7% over the previous year and rose to TL 262.9 million. Despite the decline in circulation figures, the effect of the increase in newspaper sales prices was influential in this change.

Newsprint costs, which constitute an important portion of the cost of goods sold in the publishing segment, is related to newsprint prices in the USA, Canada, Northern Europe and Russia, which in turn are affected by global paper prices and the USD/TL exchange rate. The paper prices used in printing by our subsidiary Hürriyet

dropped from USD 560 per ton in 2016 to USD 546 in 2017, in a 3% decline. Despite the negative impact of exchange rate fluctuations, since paper prices in USD remained at the same level with the previous year and as the Group's paper consumption dropped, our overall paper costs remained unchanged. Despite the increase in other costs in 2017, gross profit from the publishing segment stayed at the same level; meanwhile, EBITDA declined by 3.9% over the prior year to TL 83 million.

The Group has a 97.29% stake in Trader Media East Ltd. ("TME"). Russia-based Pronto Media Holding, an indirect subsidiary of TME, decided to discontinue its online platforms with a Board of Directors resolution dated November 22, 2017, owing to the intense competition in the markets and the failure to bring operational performance to the desired levels. Upon this resolution, the online activities were discontinued and reclassified as discontinued operations. Some TL 279.1 million of impairment provisions was allocated as regards to these assets. As such, the profit before tax of the publishing segment for 2017 was TL 31.9 million (2016: TL 68.3 million); and a loss for discontinued operations of TL 252.4 million was shown in the income and loss statement under Discontinued Operations.

### TOTAL REVENUES IN PUBLISHING (TL BILLION)

# 1.2

Publishing Segment (TL thousand)	2017	2016	yoy Change (%)
Consolidated Revenues <sup>(*)</sup>	1,216,298	1,138,725	6.8
Gross Profit	332,307	333,645	-0.4
EBITDA <sup>(*)</sup>	82,974	86,372	-3.9
EBITDA Margin	6.8%	7.6%	
Profit (Loss) Before Taxes from Continued Operations	31,880	68,335	-53.3
Profit (Loss) After Taxes from Discontinued Operations	-252,360	-84,652	n.m.

<sup>(\*)</sup> Segment revenues and EBITDA figures are provided before inter-segment eliminations. EBITDA has been calculated by Doğan Holding.



Publishing Revenues (TL thousand)	2017	2016	yoy Change (%)
Revenues	1,151,350	1,100,177	4.7
Ad Revenues	453,760	470,563	-3.6
Circulation and Printing Revenues	262,931	248,685	5.7
Other	434,659	380,929	14.1

**THE TV SEGMENT HAS A 50% SHARE IN TOTAL ADVERTISING EXPENDITURE IN TURKEY AND RANKED FIRST IN 2017, AS IN PREVIOUS YEARS.**

## Media/Broadcasting

### TV Ad Market in Turkey and Doğan TV:

The television segment accounted for a 50% share in total ad spending in 2017, maintaining its leading position as in previous years. Total TV ad spending is estimated to have increased by 5.7% year-on-year to TL 3,764 million. Kanal D, a TV channel operating under Doğan Holding, was among the top TV channels in ad market share in 2017.

**TV Ratings:** TNS Kantar Media (TNS) data related to the ratings for All Day-All Audiences and Prime Time-All Audiences show that the total ratings for the first seven channels (in alphabetical order: ATV, Fox TV, Kanal D, Show TV, Star TV, TRT 1 and TV8) came in at 51.1% and 61.4%, respectively, in 2017 (2016: 52.4, 62.2).

According to TNS A.Ş. data, **Kanal D** received shares of 7.21% (2016: 8.54%) and 8.92% (9.33%) in the All Day-All Audiences and Prime Time-All Audiences categories, respectively in 2017. The rating was 7.55% (2016: 8.88%) in the All Day-A/B Group and 9.60% (2016: 9.18%) in the Prime Time-A/B Group, and the channel remained one of Turkey's most popular TV channels in 2017.

**CNN Türk**, which came on air in 1999 as a joint venture of Doğan Media Group and Time Warner, was the most watched news channel in the January - December 2017 period in the All Day-A/B Group, Prime Time - A/B Group and Prime Time 20+ ABC1 categories, according to TNS data.

Doğan Holding's other entertainment channel, **teve2** appeals to audiences of all ages with its diverse content structure and program range. Featuring highly popular foreign and domestic TV series, movies, documentaries, and other programs, Turkey's entertainment channel teve2 reached a rating of 1.88% in the All Day-All Audiences and 1.87% in All Day - 20+ ABC1 category, according to TNS data for January 1 - December 31, 2017.

**Digital Platform:** According to a sector report published by the Information and Communication Technologies Authority of Turkey, broadband internet users in Turkey increased from 62.3 million as of 2016-end to nearly 68.0 million as of third quarter 2017, including 11.5 million fixed internet users and 56.5 million mobile internet subscribers.



## HIGHLIGHTS OF 2017

### THE NUMBER OF D-SMART'S ADSL SUBSCRIBERS REACHED 333 THOUSAND AS OF END-2017.

Included in this figure, the number of xDSL subscribers rose to 8.3 million (31.12.2016: 7.8 million), the number of fiber internet subscribers went up to 2.2 million (31.12.2016: 1.9 million), and cable internet subscribers rose to 0.8 million (31.12.2016: 0.7 million). Total pay TV subscribers on the satellite platform is estimated at 5.7 million (31.12.2016: 5.6 million).

As of end 2017, the total number of Pay TV subscribers of **D-Smart**, a digital platform operating under Doğan Holding, was 936 thousand (2016: 936 thousand) - the same as the last year, while ADSL subscribers amounted to 333 thousand (2016: 307 thousand).

### Financial Review of Broadcasting Segment

Consolidated broadcasting revenues (before inter-segment eliminations) increased 3.2% over the prior year to reach TL 1,150.5 million in 2017. In 2017, ad revenues rose by 2.5% and subscription revenues by 1.5% over the previous year.

In 2017, due to the increase in program costs, the gross profit of broadcasting decreased by 29.0% to TL 197.0 million; EBITDA was realized as TL 44.9 million (2016: TL 131.4 million). In 2017, loss before taxes amounted to TL 160.8 million (2016: loss of TL 118.2 million) due to the decrease in operating profitability and the increase in financial expenses.

Broadcasting Segment (TL thousand)	2017	2016	yoy Change (%)
Consolidated Revenues <sup>(*)</sup>	1,150,527	1,114,879	3.2
Gross Profit	196,951	277,339	-29.0
EBITDA <sup>(*)</sup>	44,924	131,365	-65.8
EBITDA Margin (%)	3.9%	11.8%	
Profit (Loss) before Tax	-160,809	-118,218	n.m.

Broadcasting Revenues (TL thousand)	2017	2016	yoy Change (%)
Revenues	1,122,167	1,091,013	2.9
Ad Revenues	588,421	574,065	2.5
Subscription Revenues	399,485	393,460	1.5
Other	134,261	123,488	8.7

### TOTAL REVENUES IN BROADCASTING (TL BILLION)

1.1



AYTEMİZ'S NUMBER OF  
LICENSED FUEL STATIONS

537



## ENERGY

### Developments in the Turkish Petroleum Products and LPG Distribution Sector and Doğan Group

Doğan Holding's subsidiary Doğan Enerji acquired a 50% stake in Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz") in March 2015, heralding the Group's return to the petroleum products and LPG distribution sector.

The Energy Market Regulatory Authority did not place a limit on the total profit margins of dealers and distributors, thereby allowing profit margins to remain at relatively reasonable levels in 2017.

**Station Handovers:** With a decision reached in 2009 and implemented in 2010, the Competition Authority limited the duration of dealership agreements to five years; as a result, Aytemiz managed to become the fastest growing brand in the sector over the last three years. In 2017, Aytemiz increased the number of its stations (dealers) to 537 (a total of 581 stations either licensed or pending license) (2016: 502 stations).

**Oil Prices:** The oil price per barrel, which stood at USD 55 in January 2017, closed the year at USD 67 since Russia

joined OPEC countries' production cut decision. After holding talks in Vienna, Saudi Arabia and Russia, the world's largest oil producers, have decided to continue their oil production cuts until the end of 2018. On the other hand, a total of 24 OPEC and non-OPEC countries including Russia and Saudi Arabia agreed to keep global production at 1.8 million barrels in 2018. It is predicted that oil prices will be shaped according to the realization in 2018 of these agreed production cuts and the effects of these cuts on excess supply.

**Petroleum Product and LPG Sales in Turkey and Aytemiz:** According to the 2017 sector report published by the Energy Market Regulatory Authority (EMRA), total petroleum product sales by distributors in the sector rose 6.5% year-on-year to 26.5 million tons, while total LPG sales dropped 0.6% to 4.1 million tons. During the year, Aytemiz's total petroleum product sales jumped 28% to 1,035,081 tons (2016: 809,164 tons), while its total LPG sales increased 13% to 131,425 tons (2016: 116,557 tons).

### Developments in Turkish Electricity Generation and Sales, and Doğan Group

In 2017, Turkey's total installed capacity increased 8.5% year-on-year to 85,200 MW. Hydroelectric resources account for the highest share in installed capacity in Turkey at 32%, while wind power plants make up 7.6% of total installed capacity in the country.

TURKEY'S TOTAL INSTALLED  
CAPACITY FOR ELECTRICITY  
GENERATION REACHED  
85,200 MW.

## HIGHLIGHTS OF 2017

### ELECTRICITY GENERATION IN TURKEY INCREASED BY 5.9% TO 290,546 GWH IN 2017.

In 2017, electricity generation in Turkey increased by 5.9% over the previous year to 290,546 GWh. Some 55.2% of this generation came from natural gas and imported coal; meanwhile, domestic coal generation accounted for 15.6%, hydraulic power generation for 20.0%, wind power generation for 6.1% and geothermal and biomass power generation for 2.6%. During the year, Turkey's total electricity consumption went up 3.8% over the prior year to 289,980 GWh. Some 45% of the country's demand was met by using domestic and native resources.

Applications to join the Renewable Energy Resources Support Mechanism (YEKDEM) for 2018 were higher than the last year with 708 power plants applying. According to the final YEKDEM list issued by Energy Market Regulatory Authority (EMRA), the total installed capacity of these applications surpassed the previous year and amounted to 19,992 MW. Since YEKDEM support is paid in US dollars and cents, and as the Turkish lira depreciated against the US dollars in 2017, the revenue differential between the spot price and YEKDEM grew sharply and therefore applications have increased. As per the law on YEKDEM incentive prices, the scheme covers plants that will become operational latest by 2020. Although the extension of this deadline is within the authority of the Council of Ministers, it has been officially announced that such an extension will not take place. For this reason, investors are expected to bring dynamism to the market as they try to put their licenses into operation before that date.

The Ministry of Energy designated its motto for 2017 as 'national and domestic energy generation'; the solar and wind YEKA tenders organized within this scope were followed with ample interest and enthusiasm in the market. The price of 6.99 USDc/kWh ascribed for the 1,000 MW solar power plant tender in the Konya-Karapınar region corresponds to almost half of the YEKDEM solar power price. In the

1,000 MW wind power plant tender organized in late 2017, the price was brought down drastically as well with a price offer of 3.49 USDc/kWh. Finally, at the 3,000 MW wind power tenders announced by TEİAŞ in 2015 and realized in the last days of 2017, a record was broken in this sense with a price offer of 2.87 USDc/kWh. All these tenders will provide opportunities for national R&D work in order to be able to engage in domestic energy generation, be competitive in energy, create employment in the sector, and use national resources in the most efficient way.

Electricity prices increased by 16.8% in 2017 over the previous year. Seasonal effects and severe drought throughout the country led to a lack of supply, which pushed prices up.

Doğan Group's **Şah WPP** and **Mersin WPP** account for 2.4% of both Turkey's total wind power installed capacity and electricity generation from wind as of 2017-end. Of the joint ventures in which the Holding has a stake, **Boyabat HEPP** and **Aslancık HEPP** account for 2.3% of Turkey's total installed hydroelectric power capacity, and 1.5% of total electricity generation from hydroelectric power. In 2018, Şah WEPP, Mersin WEPP and Aslancık HEPP will be on the YEKDEM list as in 2017.

### Financial Review of Energy Segment

Consolidated revenues and EBITDA of the energy segment include electricity generation at wind power plants; trade in electricity; and the distribution of petroleum products.

In 2017, the fuel oil and LPG sales revenues rose by 56.5% to TL 5,435.8 million. The number of Aytemiz's licensed dealers increased from 502 at the end of 2016 to 537 at 2017-end. This increase in the number of dealers drove up fuel oil & LPG sales revenues.

### DOĞAN HOLDİNG'S ENERGY SEGMENT TOTAL REVENUES (TL BILLION)

# 6.5

Consolidated revenue in the energy segment reached TL 6,532.8 million in 2017, up 49.6% from the previous year, due to the impact of fuel oil & LPG, and electricity sales revenues. Gross profit increased by 27.6% to TL 406.8 million. EBITDA of the energy segment increased by 30.0% to reach TL 299.4 million.

The financial expenses of the energy segment increased due to Aytemiz's rising financial debt owing to dealership investments, and higher foreign exchange losses due to energy segments, mainly Euro denominated loans, and the depreciation of the Turkish lira against the Euro.

The joint ventures Boyabat Elektrik and Aslancık Elektrik are consolidated via the equity method. Doğan Holding has given guarantee amounting to USD 78.7 million (TL 297.0 million) (31 December 2016: USD 64.4 million) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is calculated by taking into account the application of TAS 28 item 39 and the Group's share of net liabilities at Boyabat Elektrik. Even if the net assets of the Group have fallen to zero or below, it is limited to the amount of guarantee the Holding gives to the project-financing loan. As such, losses arising from Investments Accounted for by the Equity Method decreased to TL 83.4 million from the previous year's TL 149.5 million.

Loss before tax of the energy segment fell from TL 117.2 million as of end-2016 to TL 11.0 million this year.



Energy (TL thousand)	2017	2016	yoy Change (%)
Consolidated Revenues	6,532,764	4,365,741	49.6
Gross Profit	406,802	318,873	27.6
EBITDA <sup>(*)</sup>	299,374	230,223	30.0
EBITDA Margin (%)	4.6%	5.3%	
Profit (Loss) Before Tax	-11,011	-117,241	n.m.

<sup>(\*)</sup> Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding.

Revenue by Segment (TL thousand)	2017	2016	yoy Change (%)
Revenues	6,500,615	4,334,052	50.0
Electricity Sales	1,064,797	860,152	23.8
Petroleum Products & LPG Sales	5,435,818	3,473,900	56.5

## HIGHLIGHTS OF 2017

### RETAIL SEGMENT REVENUES ROSE 18.7% IN 2017 TO REACH TL 803.2 MILLION.

#### RETAIL

The activities of Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("D&R") fall into the retail segment. D&R stores, which feature everything from books to music, films to electronic devices, games to hobbies, gift items to stationery, reached 169 as of year-end 2017 (end-2016: 151 stores). The total sales area rose 9% over the prior year to 65,689 m<sup>2</sup> (end-2016: 60,438 m<sup>2</sup>).

D&R's online stores (www.dr.com.tr and www.idefix.com.tr) also increased their numbers of unique visitors by 22% over the previous year to a monthly 5.5 million (2016: 4.5 million).

#### Financial Review of Retail Segment

The consolidated revenues of the retail segment increased 18.7% over the previous year to reach TL 803.2 million, while gross profit rose 15.8% to TL 309.6 million. EBITDA increased by 4.9% in 2017 to TL 25.9 million, whereas profit before tax increased from TL 3.2 million in 2016 to TL 16.2 million in 2017.

Retail (TL thousand)	2017	2016	yoy Change (%)
Consolidated Revenues	803,242	676,853	18.7
Gross Profit	309,584	267,344	15.8
EBITDA <sup>(*)</sup>	25,908	24,695	4.9
EBITDA Margin (%)	3.2%	3.6%	
Profit (Loss) Before Tax	16,185	3,211	404.0

<sup>(\*)</sup> Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding.

### GROSS PROFIT IN RETAIL (TL MILLION)

# 310

#### Other Activities

"Other" activities comprise subsidiaries active in industry, tourism, trade and other sectors. Consolidated revenues increased by 56.0% in 2017 over the previous year and materialized as TL 926.8 million. The revenues of industry companies, which constitute a significant part of the other segment revenues, increased by 40.4% over the prior year, while vehicle sales revenues which comprise motor vehicles marketing activities rose by 73.7% to reach TL 307.9 million.

In 2017, EBITDA came in at TL 157.6 million (2016: TL 10.2 million). Due to the drop in Net Other Income from Operating Activities, higher foreign exchange losses related to the share purchase commitment, and finance expenses, loss before tax amounted to TL 105.5 million (2016: TL 100.5 million profit).

Presented under the "Other" segment, Doğan Holding's subsidiary Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. established in 2002 to engage in organic dairy production and livestock husbandry decided to change its objective and business line to meat production at its extraordinary general assembly meeting held on January 11, 2018. On the same date, the company's commercial title was revised as Kelkit Doğan Besi İşletmeleri A.Ş.





<b>Other (TL thousand)</b>	<b>2017</b>	<b>2016</b>	<b>yoy Change (%)</b>
Consolidated Revenues	926,830	594,206	56.0
Gross Profit	249,068	144,266	72.6
EBITDA <sup>(*)</sup>	157,569	10,164	1,450.3
EBITDA Margin	17.0%	1.7%	
Profit (Loss) Before Tax	-105,532	100,493	n.m.

<sup>(\*)</sup> Segment revenues and EBITDA figures are provided before inter-segment elimination. EBITDA has been calculated by Doğan Holding. The EBITDA figure for the "Other" segment includes the adjustments for eliminations.

<b>Other Segments Revenues (TL thousand)</b>	<b>2017</b>	<b>2016</b>	<b>yoy Change (%)</b>
Revenues	902,008	553,323	63.0
Industry	312,344	222,485	40.4
Vehicle Sales	307,887	177,280	73.7
Tourism	66,329	62,167	6.7
Other	215,448	91,391	135.7

CARING

VALUES

ADDING

VALUES



# WE CARE AND WE VALUE

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natural resources and  
cultural heritage,

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The Republic and democracy,

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rule of law and justice,

---

social peace and harmony,

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economic and productive  
efficiency of

# OUR COUNTRY.

# MEDIA

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DOĞAN HOLDİNG MAINTAINED ITS  
STRONG POSITION IN MEDIA.



NEWSPAPER CIRCULATION  
MARKET SHARE

**20.8%**



MAGAZINE CIRCULATION  
MARKET SHARE

**38%**



KANAL D RATINGS (ALL  
DAY - ALL AUDIENCES)

**7.2%**



PAY TV NUMBER OF  
SUBSCRIBERS

**936**  
THOUSAND



CONSOLIDATED REVENUE

**TL 2.3**  
BILLION



GROSS PROFIT

**TL 529**  
MILLION



EBITDA

**TL 128**  
MILLION





## HÜRRİYET CONTINUED ITS LEADERSHIP IN 2017 WITH A JOURNALISM PERSPECTIVE THAT INVESTIGATES, EXPLORES, AND TOUCHES UPON INDIVIDUALS' LIVES.



## PUBLISHING NEWSPAPER PUBLISHING

### Hürriyet

Hürriyet has been the symbol of independent and reliable journalism in the Turkish press through its commitment to both ethical principles and innovative approach to publishing. The print version of the Hürriyet newspaper dates back 69 years, while its online version hurriyet.com.tr has existed for 20 years, making Hürriyet a strong and leading publisher. Keeping a close watch on sector-specific developments and needs, and staying abreast of the latest technologies, Hürriyet leads the sector with its dynamic and innovative features that help it stand out in numerous platforms. By implementing innovative technologies, preempting social transformation and adapting itself to it, pioneering change, and allowing access to any content through any channel at any time, Hürriyet has established itself as a robust player of the online world.

Hürriyet has rapidly embraced developments in online broadcasting technologies with its rich know-how and vision in the media sector, and proved its competence by becoming the fastest growing player in online media. Hürriyet has added its superior skills in web and mobile media to its unrivaled power in print media, and gathered the full range of news, magazine, sports and all other kinds of content under the umbrella of the "World of Hürriyet." Hürriyet Newspaper uses its deep-rooted experience and vision to enhance this world that it has built, diversifying content distribution

channels, delivering customized products to target audiences, and keeping track of trends. Hürriyet touches the lives of its readers with delightful content and supplements as well as its well-proven track record in journalism. By means of its unique news-reporting style, rich content, and supplements that reflect all the vibrancy of life, Hürriyet expands the horizons of its readers and offers special channels to advertisers.

Hürriyet continued its leadership in 2017 with a journalism perspective that investigates, explores, and touches upon individuals' lives.

### Posta

Since its launch in 1995, Posta has appealed to a wide audience with its rich content and dynamic journalism approach. In 2017, Posta maintained the title of "Turkey's most-read newspaper." According to the BIAK<sup>4</sup> report, Posta has an average daily reach of 1.4 million readers by far the highest figure in the sector.

Posta Newspaper distributes city supplements on certain days of the week so as to provide its readers the latest news about their hometowns.

Every year, the sector magazine MEDIACAT selects the top headlines of the year; in 2017, four out of the top 10 headlines belonged to Posta.

<sup>(4)</sup> BIAK, TR Press Readers Research 04-07 period (01.12.16-30.11.17).





## POSTA DAILY REACH (PEOPLE)

# 1.4 MILLION

POSTA NEWSPAPER HAS THE  
HIGHEST REACH IN TURKEY.

### Fanatik

Since its founding 21 years ago, Fanatik has been closely followed by sports fans of all ages and social groups for its high quality sports journalism. Fanatik is differentiated by a wide range of applications available to readers, including e-gazette, live web TV, smart mobile phones, tablets, social media, and live score, making it a true pioneer in this area. Fanatik has a total average daily reach of 0.7 million readers according to BIAK<sup>4</sup> data.

### Hürriyet Daily News

Hürriyet Daily News maintained its position as the window on the world, not only of Turkey but also of the World of Hürriyet and of Doğan Group. A key factor in this success was Hürriyet Daily News' delivery of fast and reliable news over its online version [www.hurriyetdailynews.com](http://www.hurriyetdailynews.com), which has been renewed with an online-focused business perspective.

### TME

In 2007, Hürriyet acquired a 67.3% stake in Trader Media East Ltd. (TME), thus carrying out the largest overseas acquisition by a Turkish company up until that date, and entering the international arena. In 2014, TME closed its offices in Hungary, Croatia, Bosnia-Herzegovina and Serbia, and continued its activities in Russia, Ukraine, Belarus and Kazakhstan. TME discontinued its online activities in Russia and Kazakhstan in November 2017 due to the intensity of competition in these markets and the inability to attain the desired performance levels. TME continues its operations in Ukraine and Belarus.

### DIGITAL ACTIVITIES

#### Ad Marketing

#### Doğan İnternet Yayıncılığı ve Yatırım A.Ş. (MedyaNet)

Turkey's leading online ad platform since 2002, MedyaNet aims to grow in keeping with the fast pace of the online ad industry. With its premium ad network, technologies developed in-house, ad products and third-party collaborations, MedyaNet works hard to offer 360° online ad solutions to advertisers and to provide revenue optimization to publishers.

Having positioned itself as Turkey's leading online ad marketing company, MedyaNet reaches out to 35 million unique users via its 65 publishers and manages 10 billion monthly page views.

<sup>4</sup> BIAK, TR Press Readers Research 04-07 period (01.12.16-30.11.17).

ENJOYING A PROMINENT PLACE  
IN INTERNET JOURNALISM,  
POSTA.COM.TR HAD 6.2 MILLION  
MONTHLY UNIQUE VISITORS AND  
213.6 MILLION MONTHLY PAGE  
VIEWS IN 2017.

HURRIYET.COM.TR MONTHLY  
UNIQUE VISITORS  
(MILLION)

59

MedyaNet provides a wide range of services in display, mobile, online video, performance-driven digital marketing, social media and native advertisement.

MedyaNet grows by taking as a reference global online advertising trends, their growth potential in Turkey, and the principle of business transparency.

At the end of 2017, MedyaNet added to its ad network Turkey's leading publisher Mynet so as to expand its ad display inventory. The company also joined forces with Google in order to strengthen its leading role in the ad marketing through programmatic activities.

At its Board of Directors meeting dated 29.12.2017, Doğan Holding decided to sell and transfer shares representing 15% of the capital of Doğan Internet Yayıncılık ve Yatırım A.Ş., in which it has a 100% share in the fully issued capital of TL 4,400,000, to Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. for TL 7,227,450 paid in cash and in advance, based on the valuation report dated 28/12/2017 issued by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

### News Portals

#### hurriyet.com.tr

Aiming to extend its market leadership in publishing to online journalism, Hürriyet launched hurriyet.com.tr in 1997 and became one of the first newspapers to go online in Turkey. From 2000 onwards, hurriyet.com.tr went beyond being the online version of the newspaper to become a news portal that delivers the latest developments round-the-clock. Transformed into a social news platform in 2014, hurriyet.com.tr is a pioneering force in the digital arena with innovations on mobile applications and e-gazette platforms and a strong social media presence. Committed to enabling

users to access the site via all devices, Hürriyet became the first Turkish app available on Apple Watch in 2015.

hurriyet.com.tr is widely followed through social media and its content ranks among the most frequently shared of any website hosted in Turkey. The website reaches out to readers via all digital channels. As of end-2017, hurriyet.com.tr has reached 17.5 million followers on social media.

Enjoying a robust position in online publishing, hurriyet.com.tr increased its number of daily unique visitors to 4.4 million and monthly to 59 million and its daily page views to 58 million in 2017. Renewed in May 2017, Hürriyet Mobile app has 475 thousand monthly active users (Google Analytics, 2017).

Hürriyet's new online sports platform has been launched with the slogan "Turkey's Largest Sports Arena." Spor Arena features news, videos and interviews on not just football but also basketball, volleyball, e-sports and all other sport branches. It keeps its finger on the pulse of the sports world with its expert writers, thus standing at the center of the sports community with its web platform and mobile app.

#### posta.com.tr

posta.com.tr was launched in 2009 to offer the rich content of Posta newspaper to online readers. Enjoying a prominent place in internet journalism, posta.com.tr had 6.2 million average monthly unique visitors and 213.6 million average monthly page views in 2017. posta.com.tr has 375 thousand followers on Facebook and 115 thousand on Twitter (Gemius Prism, average for 2017).





### fanatik.com.tr

fanatik.com.tr – the country's leading sports website – received an average of 11.0 million monthly unique visitors and more than 314 million monthly page views in 2017.

Presenting high quality sports news coupled with a unique approach to journalism, fanatik.com.tr's mobile site counted an average of 5.9 million monthly users in 2017. fanatik.com.tr prioritizes social media engagement and has 2.5 million followers on Facebook, and 1.3 million followers on Twitter (Gemius Prism average for 2017).

### hurriyetdailynews.com

Enriched with blogs and extensive social network integration, hurriyetdailynews.com provides readers the most up-to-date, accurate news

on a wide range of topics, from politics to arts, economy to technology, sports to everyday life. With its Facebook and Twitter accounts and mobile apps, Hürriyet Daily News is rapidly moving towards its goal of further broadening its audience base.

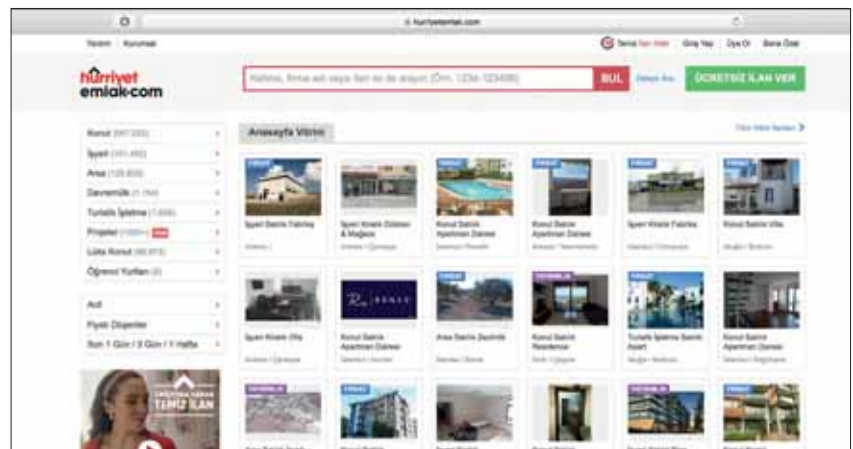
### Classifieds and Social Content Websites

#### hurriyetemlak.com

Launched in 2006 as Hürriyet newspaper's online real estate platform, hurriyetemlak.com is a real estate portal that collects the entire sector on a comprehensive website. With an extensive ad portfolio, up-to-date news, innovative products and projects, the website stays abreast of developments in the real estate sector. As of end-2017, hurriyetemlak.com has over 7 million unique visitors and 19 million page views per month on average (Google Analytics, 2017).

At Hürriyet's Extraordinary General Assembly Meeting held on March 2, 2017, it was decided to execute the process of transfer of "Hürriyet Emlak" operating under the name of "Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş." and under the structure of Hürriyet, together with its assets and liabilities and relevant rights and obligations, under the "Partial Demerger In Simplified Procedure Through Participation Model." Hürriyet Gazetecilik ve Matbaacılık A.Ş. has a share of 92% and Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. of 8% in "Hürriyet Emlak" Hizmet İşletmesi's capital.

**FANATIK.COM.TR, TURKEY'S LEADING SPORTS SITE, REACHED AN AVERAGE OF 11.0 MILLION MONTHLY UNIQUE VISITORS IN 2017.**



### HURRIYETOTO.COM RECEIVED 1.3 MILLION MONTHLY PAGE VIEWS IN NOVEMBER AND DECEMBER AND RAPIDLY INCREASED THE NUMBER OF ITS FOLLOWER BASE.

#### hurriyetoto.com

A rapidly developing automotive sector platform, hurriyetoto.com was fully renewed in November 2017 to become a much stronger website. hurriyetoto.com received 1.3 million monthly page views in November and December and rapidly increased its follower base. This important platform which serves the automotive sector, the driving engine of the Turkish economy, aims to becoming the largest player in its category with richer content, prominent writers and increased ads (2 second hand cars for rent) starting from 2018 onwards.

#### yenibiris.com

The recruitment website yenibiris.com has been conducting its operations for 18 years, continuously renewing itself in the field of employment technologies. yenibiris.com is not just a marketplace where firms and candidates come together, it also has features giving firms and candidates the chance to stand out in the recruitment process. yenibiris.com provides firms online employer brand consultancy as well as online marketing services, HR consultancy and application process management.

#### hurriyetaile.com

Hürriyet Aile stands out with its select content on mother and baby health, and child and baby development. It makes a difference with its editorial staff composed of specialists. Focusing on everything related to health, the website covers the full range of subjects that touch upon family life such as general health issues, psychology, nutrition, exercise, living with pets, and family activities in order to enrich its content flow. hurriyetaile.com aims to reinforce its brand image and increase its visibility as advertiser, and is keen on expanding its event network in 2018.

#### mahmure.com

Setting itself apart from other websites for women with its rich content network, mahmure.com offers users a wide range of content spanning from fashion to interior design, beauty trends to quality living trends, from horoscopes to the social media agenda. mahmure.com also organizes events to connect with its followers in offline platforms, which are also broadcast live to its 150 thousand followers.

#### yakala.co

Operating in the group purchases category of e-commerce, yakala.co is generally described as an opportunities site, discount site or coupon site. yakala.co offers individual users the chance to participate in budget-friendly activities that will enrich their lives; on the other hand, it provides contracted local and global companies the chance to increase brand recognition and revenues by engaging in online ads and direct sales.

yakala.co's offers, valid across Turkey or in specific cities, include various components and subcategories such as domestic and overseas holiday packages, city hotels, restaurants, spas, beauty centers, entertainment venues, theater - cinema - concert activities, courses, colorful events, various technological and miscellaneous products, transportation vehicles (sea bus, sea plane, helicopter and intercity bus services), and car rental services. According to 2017 data, yakala.co issued 7,120 new opportunities (collaboration -sales contracts), sold over 395,000 coupons, and acquired 147,000 new subscribers (users).

#### bigpara.com

bigpara.com, which continues as a subdomain under the umbrella of hurriyet.com as of February 6, 2017, capitalized on the power of Hürriyet to increase its number of monthly visitors to 10 million and page views to 72 million (Google Analytics, 2017).

### BIGPARA.COM'S MONTHLY UNIQUE VISITORS (MILLION)

# 10

## NUMBER OF DOĞAN BURDA MAGAZINES (NET)

# 24

DOĞAN EGMONT ISSUED  
829 NEW BOOK TITLES (OF WHICH  
602 WERE FOR CHILDREN AND  
YOUTH), AND SOLD OVER  
5.5 MILLION COPIES IN 2017.



Bigpara changed its data provider in 2017 and reached an agreement with Foreks. Bigpara also made an agreement with Anadolu Agency to strengthen its content offering and further expanded its traffic with new referral agreements. Bigpara also continues to expand its editorial staff. In addition, the website created new page sponsorships for the Bitcoin and Loans pages.

### Magazine and Book Publishing

#### Doğan Burda Dergi

Featuring magazines that have original and creative content, Doğan Burda is the leader of the magazine publishing sector in Turkey. With two weekly magazines, 16 monthly magazines, six magazines with special periods, Doğan Burda boasts a portfolio of 75 publications and continues to be a successful player in the sector. The number of magazines published by the company is 24 (2016: 29); 12 (2016: 14) of these magazines are published under license agreements with international companies.

In 2017, Doğan Burda continued to invest in magazine publishing. In addition, Doğan Burda also publishes its well-established brands and new magazines both in print and online. While adhering to its approach of being a responsible publisher, Doğan Burda – the sector leader – aims to further the quality and efficiency of its rooted brands. The company also plans, as always, to introduce readers with innovations in 2018.

#### Doğan Egmont

Doğan Egmont, a leading book and magazine publisher that attracts a broad readership of all ages and interests, was founded in 1996 with the partnership of Doğan Group and Scandinavia's well-established media group Egmont.

**Doğan Egmont**, embracing the philosophy that "Reading is the future" and featuring more than 1,000 children's books and 20 magazines in its portfolio, plays an important role in the personal development of youth and children. The company, which is the leader in the children's book and magazines market, publishes books and magazines – such as Disney, Mattel, Hasbro, Harper Collins and Scholastic – in addition to other significant publications for children from Turkey and around the world.

One of the leading publishers of culture books for adults since its establishment in 1999, **Doğan Kitap** has been operating under the umbrella of Doğan Egmont since 2007. In order to be able to reach out to a diverse readership and establish targeted communications with different groups, Doğan Egmont introduced the following sub-brands to the sector between 2011 and 2014: DEX in 2011; DEX Plus in 2013; CEO Plus and Doğan Novus in 2014. Doğan Egmont started publishing preparatory books for school exams in 2017 under the brand name Doğan Akademi.

Continuing to provide top quality, select works to Turkish readers in 2017, Doğan Egmont issued 829 new book titles (227 for adults and 602 for children and youth), and sold over 5.5 million copies. Zülfü Livaneli's book "Huzursuzluk (Restlessness)" published by Doğan Kitap in January became the best-selling book of the year, with 500,000 copies in print.

### DOĞAN DAĞITIM DELIVERS SERVICES ACROSS TURKEY WITH ITS SIX REGIONAL OFFICES AND 165 PRIMARY DEALERS.

### DOĞAN KİTAP NUMBER OF E-BOOK TITLES

# 750

The publisher of 20 children's magazines, Doğan Egmont continued to invest in e-book technology and boosted its e-book offering to 750 titles, most under the Doğan Kitap brand.

#### Dergi Pazarlama Planlama (DPP)

Dergi Pazarlama Planlama ("DPP"), which is active in magazine marketing and planning, continues to be the indisputable and highly respected sector leader with its foreign partnerships and successful business areas.

#### News Agency

#### Doğan Haber Ajansı (Doğan News Agency, DHA)

Doğan News Agency was established in 1963 under the name Hürriyet News Agency as Turkey's first private national news agency. In 1999, the news agency merged with Mil-Ha, a subsidiary of Doğan Group, and was renamed Doğan News Agency (DHA).

Since its founding, DHA and its professional and experienced reporters, cameramen and live broadcast teams have met the demand in Turkish media for reliable, high-quality news, images and photographs. DHA has embraced the slogan "Only News, Just in Time," as it provides its audience with accurate news quickly and by adhering to the principle of objectivity. DHA conducts its operations in accordance with the Doğan Media Code of Conduct, which is formed in line with the main principles of global journalism. As a result, the news agency also functions as an important source of information on developments in and around Turkey for international press.

In order to encourage graduates of different majors to take up journalism, Doğan Haber Ajansı and Bahçeşehir University joined forces for the journalism certificate program

"International News Academy," designed to raise next generation, specialized, news journalists. The journalist candidates who join the program will receive a theoretical education at Bahçeşehir University, after which they will get the chance to learn journalism first hand at Doğan News Agency and Hürriyet Newspaper together with mentors.

#### Printing, Distribution and Foreign Trade

#### Doğan Dağıtım (Doğan Distribution)

Doğan Dağıtım's six regional directorates and effective and powerful organization of 165 main dealers have helped it become Turkey's most well established and wide-ranging distribution company, providing swift, reliable and meticulous services. Doğan Dağıtım undertakes distribution activities for 19 national and 21 regional newspapers, in addition to eight weekly, two bi-weekly, 113 monthly and 171 bi-monthly and longer-term domestic publications. Furthermore, the company also conducts the countrywide distribution activities for 425 foreign publications.

#### Doğan Printing Center

Hürriyet operates in publishing, printing, advertising, and internet publishing and has seven printing facilities in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany. Doğan Printing Center ("DPC") facilities, which print the Hürriyet Group newspapers, are located in the Turkish cities of Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon. The printing activities abroad are carried out in Frankfurt, within the German branch of Hürriyet (Hürriyet Zweigniederlassung GmbH).

DPC prints publications of Hürriyet Newspaper, Hürriyet Daily News and their supplements as well as contracted Group and non-Group newspapers and their daily, weekly and monthly supplements.





**DMI, WHICH OPERATES AS  
HÜRRİYET'S GERMAN BRANCH,  
PRINTS NEARLY 30 PUBLICATIONS  
IN SEVEN DIFFERENT LANGUAGES.**

Boasting the largest printing facility network in Turkey, DPC has important competitive advantages such as a highly qualified workforce, advanced machinery park and technical infrastructure. DPC marches towards its goal of becoming Turkey's main printing center by releasing products on time, sending the latest news to print, and reducing transportation costs by a significant margin.

### **Doğan Media International (DMI)**

Doğan Media International GmbH, established in 1999 as Doğan Holding's window on Europe, carries out Hürriyet's printing and publishing operations in Europe.

Hürriyet executes its European operations from its news center and printing center located in Mörfelden-Walldorf near Frankfurt. Hürriyet was launched in Europe following the first wave of Turkish workers' migration to Germany in the 1960s. With its European editions, Hürriyet is the oldest, uninterrupted Turkish language newspaper that reaches out to various generations of migrants from Turkey living across the continent. The newspaper, which reaches out to European readers six days a week, also offers a free weekend supplement on

Saturdays. Hürriyet helps Europeans of Turkish origin to lead a harmonious life by expressing their views in its news articles, communicating the messages of public institutions and politicians to its readers, and supporting the business community. Hürriyet's presence has contributed to keeping the Turkish language alive and transmitting Anatolian culture and arts to Europe for many years.

In total, the printing center publishes nearly 30 different publications in four alphabets and seven languages, and operates as Hürriyet's German branch. Besides Hürriyet Newspaper, the following international newspapers are also printed at the center: English Financial Times' and the Japanese Wall Street Journal's, Nikkei's German and regional editions; the continental Europe editions of US publication Stars&Stripes and the Japanese publication Asahi; regional editions of Bild Newspaper, the newspaper with the highest circulation in Germany; and the "Fussbal-Bild" from the same publisher, an important source of information for equestrian sports; Sportwelt, and the Arabic Asharq Al-Awsat. Other periodic publications printed at the facility include: Poland's Info&Tips; the English China Daily; Chinese "Chinesische Handelzeitung" and Chinese/English Global Times; the free-of-charge Trigonal, Hayat and Nokta; The Security Times and New Europe, important sources of information for opinion leaders. Together with these publications, 250 thousand copies of newspapers are printed at the center and sent to kiosks daily to meet with readers.

### **Doğan Dış Ticaret (Doğan Foreign Trade)**

Doğan Dış Ticaret mainly operates in the import of paper and printing blocks. The company also functions as an agent in the trade of paper, cardboard, packaging products; an importer of digital products (satellite receivers, modems, and the like); and a global supplier focused on the retail market. Doğan Dış Ticaret's operations are predominantly targeted at publishing – newspapers, magazines and books. The company is currently working on new agency operations in the packaging and cardboard sector, to expand its products portfolio in these growing areas.

## MEDIA

**DOĞAN DIŞ TİCARET INCREASED ITS BUSINESS VOLUME ESPECIALLY IN THE SUPPLY OF RAW MATERIALS TO THE PACKAGING SECTOR AND THE GLOBAL SUPPLY OF VARIOUS PRODUCTS SOLD IN THE RETAIL SECTOR.**

In order to document the quality and safety of its operations in 2017, Doğan Dış Ticaret received the YYS (Authorized Economic Operator) certificate issued by the Ministry of Customs and Trade in 2017.

Doğan Dış Ticaret increased its business volume in 2017, especially in the supply of raw materials to the packaging sector and the global supply of various products sold in the retail sector.

## BROADCASTING

### Television Broadcasting

#### Kanal D

Kanal D appeals to a broad range of audiences and introduces them to different and creative projects with its management perspective open to change. According to TNS A.Ş. data, between January 1 - December 31, 2017, Kanal D had a rating of 7.55% in the All Day/A/B socio-economic group and 7.21% rating in the All Day-All Audiences category. The channel reached ratings of 9.60% in Prime Time-A/B Group and 8.92% in Prime Time-All Audiences.

kanald.com.tr has maintained its position as Turkey's most frequently clicked TV website for many years. According to Google Analytics December 2017 figures, the website receives an average of 8.5 million monthly unique visitors and more than 1.1 billion total page views throughout the year. In addition, according to the Group's calculations, a total of 559 million videos were viewed on kanald.com.tr throughout the year. With more than 16 million followers in total,



Kanal D continued to be active on social media in 2017 through effective and frequent use of its corporate accounts.

#### CNN Türk

CNN Türk was launched on October 11, 1999 as a joint venture of Doğan Media Group and Time Warner. CNN Türk is the first national channel managed outside the station's Atlanta headquarters and the first to offer 24-hour news coverage in another national language. CNN Türk is also the first Turkish TV channel formed via international partnership. CNN Türk stands out in the broadcasting sector as an exemplary entity, with objective journalism offering political, life style, financial, sports news shows as well as entertainment programs on TV. CNN Türk broadcasting is also available on CNN Türk Radio simultaneously.

CNN Türk became the most watched news channel in the January-December 2017 period, in All Day-A/B Group, Prime-Time-A/B Group and Prime-Time-20+ ABC1 categories according to TNS data.

CNN Türk live coverage is available on all platforms including on mobile applications as well as social media accounts.

CNN Türk, providing speed, quality and reliability all at once, has assumed a leading role in online news through its cnntrk.com website and effective use of its social media accounts. According to Google Analytics data, cnntrk.com has 20 million monthly unique visitors and nearly 200 million page views.

## KANAL D'S RATING (PRIME TIME - ALL AUDIENCES)

# 8.9%





**CNNTURK.COM MONTHLY  
PAGE VIEWS  
(MILLION)**

**200**

**TEVE2 MAKES A DIFFERENCE WITH  
ITS DOMESTIC AND FOREIGN TV  
SERIES, MOVIES, DOCUMENTARIES  
AND OTHER SHOWS.**

In 2017, the website's visitor traffic demonstrated an uptrend. cnnturk.com figured among the fastest growing websites in 2017, doubling its visitor numbers over the prior year.

### **teve2**

teve2 appeals to a wide range of audiences with its variety of content, structured programs and frequently mentioned local and foreign series, cinema and documentary movies. According to TNS data, Turkey's entertainment channel teve2 had a rating of 1.88% in the All Day - All Audiences and 1.87% in All Day-20+ABC1 category between January 1-December 31, 2017.

### **Dream TV**

Launched in 2003 with the slogan, "Follow Your Dreams," Dream TV broadcasts the latest pop music videos, alternative Turkish music videos and special music documentaries. The channel also provides live broadcasts from music festivals and concerts. Making the best of new media and related opportunities, Dream TV operates with the aim of becoming a youth channel with its new content, which incorporates interactive programs and the possibilities of the internet into television broadcasting.

### **Dream Türk**

In 2004, with the "Native Language of Music" slogan, Dream Türk also gained the appreciation of music lovers with its Turkish pop video clips and special programming that appeals to a wide range of audiences. Dream Türk responds to audience song requests and broadcasts live programs featuring the top performers of the day. In 2018, the channel will continue to bring the best and latest examples of popular music to its audience and serve as a platform for new talent.

### **Kanal D Romania**

As the face of Kanal D in Romania, Kanal D Romania started broadcasting in 2007 with a national broadcast license. The channel received widespread acclaim with its original broadcasting approach and became one of Romania's most watched television channels shortly after its launch. After starting to broadcast some of its programs in full HD in 2014, Kanal D Romania began to broadcast its entire content as full HD in 2016. Kanal D Romania is one of the two corporations broadcasting full HD programming in Romania. Kanal D maintained its rating at 7.7%, as in the last year, becoming at of the top three TV channels in the country.

### D-SMART, OPERATING UNDER THE UMBRELLA OF DOĞAN TV SINCE 2007, IS AMONG TURKEY'S LEADING DIGITAL BROADCASTING PLATFORMS.

#### Euro D

Launched in 1996 to help Turkish expats keep abreast of developments in Turkey, Euro D is on air across eight European countries via satellite and 45 different operators. As of 2017, Euro D started to reach the Turkish citizens on the American continent, while there is ongoing work to enable viewers in Australia to access the broadcast as well.

#### Digital Platform

##### D-Smart

D-Smart, operating under the umbrella of Doğan TV since 2007, figures among Turkey's leading digital broadcasting platforms. Continuously enhancing its content and services in line with the latest trends, D-Smart offers its subscribers digital content via over 260 channels, 85 of which are in HD. The D-Smart broadcast platform comprises HD quality film and series channels, 11 different documentary channels including the National Geographic and Discovery groups, all the national channels and channels broadcast via the Türksat satellite.

D-Smart's rich content includes countless sports programs such as the British Premier League, NBA games and NBA TV, Formula 1, Volleyball Champions League, Motogp, Handball Champions League, tennis tournaments, cycling races, martial arts and equestrian sports in addition to a large array of children's programs, life style shows and 50 digital music channels.

D-Smart is constantly growing with the investments it makes at the intersection of digital broadcasting and internet technologies. In line with its overall strategy, D-Smart closely monitors changing market dynamics. In response to customer needs and requests, D-Smart teamed up with the internet service supplier Smile in 2010; starting from 2014 onwards, it began

to provide internet services under the brand D-SmartNet. D-Smart has created an entertainment platform, which delivers internet and television services to consumers through a single channel, combining convenient prices with accessible services. As such, D-Smart is the first DTH (direct to home) platform in Turkey that provides double play (TV + internet services) in a single package and with a single invoice.

In addition to its satellite services, D-Smart also enables its users to access the rich D-Smart content at anytime, anywhere, via TV, computer, tablet or smartphone without having to reach to the daily broadcast program. To ensure that its subscribers can enjoy sports content at anytime, anywhere, via computer, tablet or smartphone, D-SmartNet has bundled its internet and D-Smart Go Sports service in a package that corresponds only to the price of the internet service.

D-Smart continues to enhance its products in line with users' habits. Thanks to the external memory attached to their satellite receivers, D-Smart users can pause and rerun the live broadcast, resume from where they left off, return to the normal broadcast, and record the program of their choice.

Thanks to its ongoing contracts with the leading cinema studios Sony and 20<sup>th</sup> Century Fox, D-Smart has the right to broadcast for the first time in Turkey any new films produced by these companies. D-Smart continuously enriches its vast content range and maintains its major competitive advantage in cinema channels.

As of end-2017, D-Smart's pay TV subscribers remained at 936 thousand (2016: 936 thousand), maintaining the same level as the previous year, while the number of its ADSL subscribers increased to 333 thousand (2016: 307 thousand).

### D-SMART PAY TV SUBSCRIBERS (THOUSAND)

# 936



## BluTV

BluTV is a content viewing platform that allows subscribers to watch thousands of domestic and international TV series, movies and live broadcasts without ads, at anytime, anywhere. Using computers, tablets, mobile devices or smart TVs, viewers can easily access over the internet domestic and international films and series, live TV broadcasts and most importantly, exclusive productions available only on BluTV.

2017 was a year when BluTV broke fresh ground with special foreign TV series and productions exclusive to BluTV. In January 2017, BluTV stepped up its growth by broadcasting TV shows uniquely aired on its channel, and closed the year 2017 with success. Foreign TV series exclusive to BluTV collected numerous awards, including the Emmy and Golden Globe, the world's most prestigious awards. Special BluTV productions were among the highest rated Turkish TV series on the international content evaluation platform IMDB, receiving scores of 8 and above out of 10. Thanks to these successful productions, BluTV started being placed on par with the global leaders of the sector, by customers, producers and players in the sector.

BluTV continues to invest in content, product, infrastructure and customer experience in order to extend its growth momentum achieved in 2017 into 2018. International markets will be one of the most important growth targets for BluTV in 2018. Turkish citizens living abroad, as well as Turkish-speaking communities living in Azerbaijan, the Turkic Republics and Turkey's neighboring countries constitute the target audience for BluTV's "Turkish World" product. Besides, BluTV is taking the first steps towards providing a platform for Turkish series available in Arabic and Spanish languages for markets where Turkish series meet ample interest, such as the Middle East, North Africa and South America.

## Radio Broadcasting

### Radyo D

Radyo D is one of the first radio stations in Turkey to broadcast nationally. Radyo D, which has been one of the first Turkish pop radio channels to spring to mind for 21 years, continued to feature the best songs of Turkish pop music, as well as successful radio shows and the latest news. Radyo D broadcasts mainly Turkish pop music. Radyo D reaches its audiences via the D-Smart digital platform, the Türksat satellite, the terrestrial broadcasting network, internet broadcasts and radyonom.com website, in addition to applications for tablet and mobile devices.

**BLUTV CONTINUES TO INVEST  
IN CONTENT, PRODUCT,  
INFRASTRUCTURE AND CUSTOMER  
EXPERIENCE IN ORDER TO  
EXTEND ITS GROWTH MOMENTUM  
ACHIEVED IN 2017 INTO 2018.**



**ESTABLISHED AS A JOINT VENTURE BETWEEN DOĞAN GROUP AND TIME WARNER, CNN TÜRK RADIO IS ON AIR ROUND-THE-CLOCK.**

### Slow Türk

Turkey's first nationwide Turkish slow music radio, Slow Türk aims to make the best love songs accessible to a broad radio audience under the slogan "The Frequency for Love." With its beautiful, romantic love songs played during the day, the channel quickly became one of the most popular radio channels in Turkey. Slow Türk reaches audiences via digital platforms, the Türksat satellite, the terrestrial broadcasting network and internet broadcasts, in addition to applications for tablets and other mobile devices.

### CNN Türk Radyo

Established as a joint venture between Doğan Group and Time Warner, CNN Türk Radyo is on air round-the-clock. With its sophisticated journalistic perspective, CNN Türk Radyo provides simultaneous radio broadcasts of the content on the CNN Türk TV channel, while also offering special programming unique to the radio channel. Since 2016, CNN Türk Radyo has expanded its broadcast network, transforming from a regional entity to a national radio station.

### radyonom.com

Doğan Radio Group, committed to undertaking pioneering initiatives in the Turkish radio sector, launched the website radyonom.com in 2014. radyonom.com continues its broadcasts with radio channels that feature a wide variety of genres, as well as rich musical content, podcasts, world music lists and with a thematic approach. With its user-friendly interface, the digital platform radyonom.com provides practicality to radio listeners, and is also accessible via mobile applications.

### TV and Music Production

#### D Productions

One of the leading production houses in Turkey, D Productions was founded under the name ANS International in 1992 and joined the Doğan TV Holding family in 1998. Since 2005, the company has operated under the name D Yapım Reklamcılık ve Dağıtım A.Ş., producing TV series, programs, movies and providing movie distribution services. Additionally, Kanal D Home Video, owned by D Productions, offers a wide range of films for those who want to enjoy cinema-quality movies at home.

#### Doğan Music Company (DMC)

DMC maintained its leading position in the sector with 25% market share in CD sales, 42% in radio & TV playlists and 48% in digital sales as of 2017-end. At end 2016, DMC entered into actor management and casting agency services with Glamorous Celebrity Management Agency (GCMA), and started to gain a place in the sector.

#### NetD

netd.com, which went on air in 2012 and changed its design and content structure in September 2017, continues to operate as a "Premium Video Content Platform." In order to offer users a 360°-screen experience, netd.com is available on all platforms including Smart TV, applications and the web; it is the only platform where all Doğan TV channels' shows and programs can be viewed from the same hub.

**DMC DIGITAL SALES MARKET SHARE**

**48%**



## NetD Müzik

NetD Müzik is the official broadcast platform for music clips in various genres ranging from Turkish pop music to alternative music, and constitutes the third most popular YouTube channel<sup>(6)</sup> globally with 8.8 million subscribers<sup>(5)</sup>. Having exceeded 19 billion views since its creation in January 2014<sup>(5)</sup>, NetD Music has been the second fastest-growing channel in the world over the last three years.

NetD Müzik has a constantly updated catalogue including over 7 thousand new and official music videos from over 90 music production firms, and its viewers watch these videos an average of 600 million times monthly<sup>(7)</sup>.

NetD Müzik delivers Turkish music to the entire world in a free and easily accessible manner, and continues its broadcasts via music channels on YouTube and İzlesene as well as netd.com.

## Şantiye

Established in 2016, Şantiye is a multi-channel network that collaborates with channels broadcasting over the YouTube platform. As a YouTube-approved company, it obtains the digital ad sales rights of content producers in Turkey and sells sponsored content. Şantiye functions as a video production and consultancy network that also delivers production and content consultancy to channels.

With an average of 50 million monthly views and a total of 7.5 million subscribers, Şantiye serves 71 YouTube channels in the most watched categories. Şantiye plans to boost access to its channels in the network in the short run and become Turkey's largest and highest quality multi-channel network in the long term.

<sup>(5)</sup> <https://www.youtube.com/user/netdmuzikk>

<sup>(6)</sup> <https://socialblade.com/youtube/top/100/mostviewed>

<sup>(7)</sup> YouTube analytics interface.

## NetD MÜZİK: AMONG THE WORLD'S MOST WATCHED YOUTUBE CHANNELS



# ENERGY

DOĞAN HOLDING CONTINUED ITS INVESTMENTS IN THE ENERGY SECTOR IN 2017.



NUMBER OF AYTEMİZ STATIONS

**537**



TOTAL INSTALLED CAPACITY

WPP

**168 MW**

HEPP

**633 MW**



TOTAL ELECTRICITY TRADE

**5 BILLION KWH**



CONSOLIDATED REVENUE

**TL 6,533  
MILLION**



GROSS PROFIT

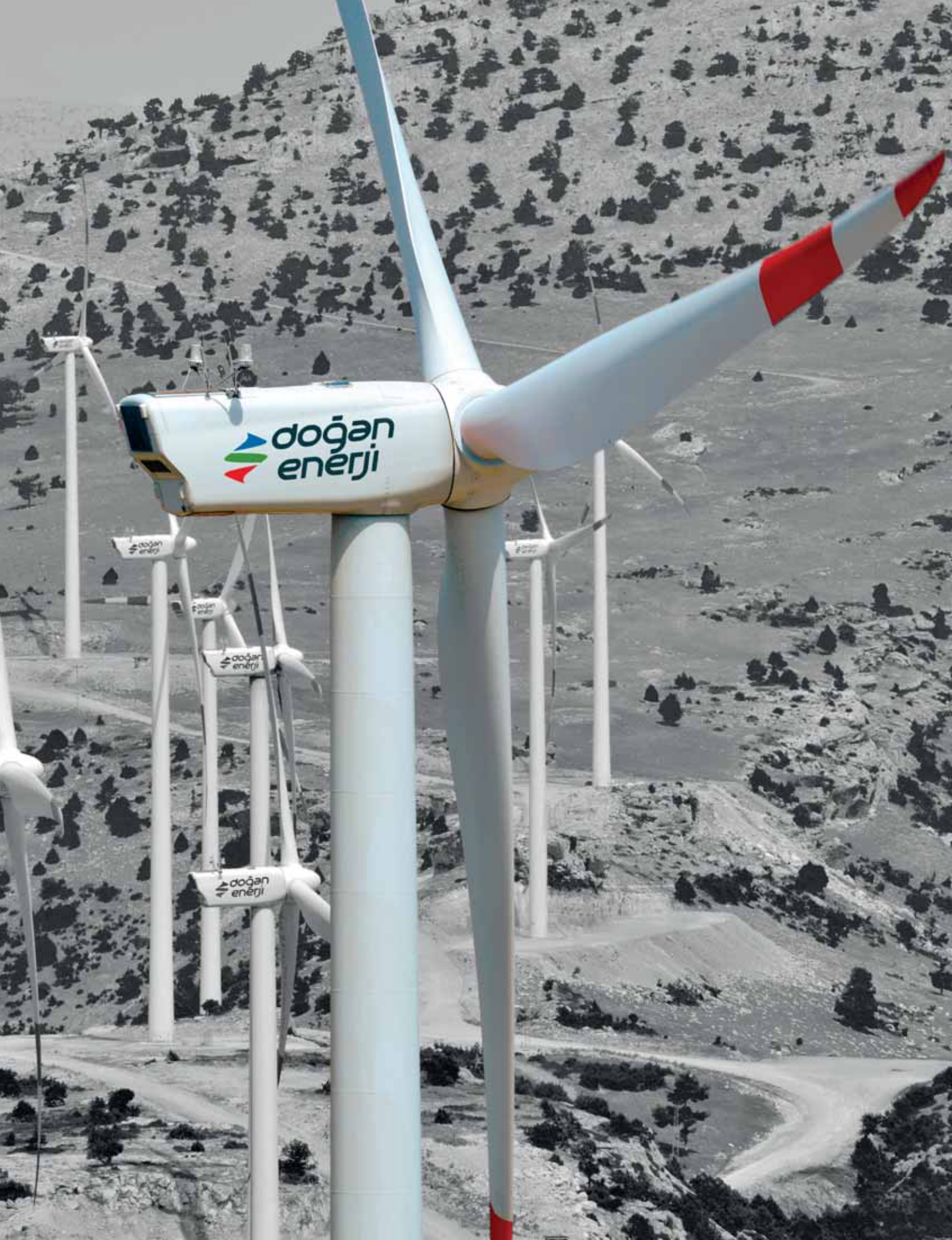
**TL 407  
MILLION**



EBITDA

**TL 299  
MILLION**







## AYTEMİZ'S TOTAL FUEL OIL SALES INCREASED BY 28% AND REACHED 1.03 MILLION TONS.

### Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş.

With nearly 20 years of experience in the energy industry, Doğan Holding sees energy investments as one of its core business lines. To this end, Doğan Enerji was established in 2000 to engage in the generation, distribution, domestic and international wholesale and retail trade of energy from any source and to realize investments in Turkey and the region. As such, Doğan Holding's energy investments were all gathered under a single umbrella.

### SALES AND DISTRIBUTION OF PETROLEUM PRODUCTS AND OTHER

#### Aytemiz Akaryakıt Dağıtım A.Ş.

Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz") was established in 2009 by the Aytemiz Family, who has been in the petroleum products sector since 1963. The same year, it received petroleum products distribution license from the Energy Market Regulatory Authority (EMRA) and began conducting activities in this field. Aytemiz operates in the distribution and marketing of petroleum products.

Doğan Enerji, a direct subsidiary of Doğan Holding, entered into a share purchase and shareholder agreement on January 29, 2015 with Aytemiz, and the process regarding purchasing and transferring 50% of Aytemiz's shares in cash and in a single payment was completed on March 11, 2015. As of 2017-end, Aytemiz had 537 stations (a total of 581 that are licensed or pending license), 11 refilling points and five storage facilities. (December 31, 2016: 502).

Aytemiz has a total storage capacity of 160 thousand m<sup>3</sup> in the İzmit, Kırıkkale, Trabzon, Erzincan, Mersin and Alanya terminals, which the company owns. Capacity increase work continues at the Trabzon terminal. Construction of two fuel tanks, approximately 10 thousand m<sup>3</sup>, is expected to be completed later this year.

In 2017, Aytemiz's total petroleum product sales increased by 28% to 1,035,081 tons (1,032,705 tons of white products; 2,376 tons of black products). In addition, the company's market share reached 4.0% (December 2016: 3.3%). During the year, Aytemiz's total LPG sales went up 13% to 131,425 tons, translating into a total market share of 4.2% (2016: 3.7%).

In 2017, Aytemiz also placed an emphasis on efforts to boost brand recognition. To this end, the company carried out operational improvements and upgrades for stations, the station-portal, web- and mobile-based services, training programs for stations, mystery customer surveys, standardization of staff uniforms in stations, and meetings with dealers. The company enhanced brand recognition by image campaigns, and product, service and partnership communications.

On top of the strong dealer communication, the company employed marketing channels in an efficient manner to put in place a rather active marketing strategy and included innovative technologies in its service range. The customer loyalty project 'Aytemiz Card' launched in early 2017 reached over 114.000 active card users. Brand recognition and card activations increased with the Milli Piyango (National Lottery) campaign organized during the year. There is a steady increase in the number of users thanks to bulk agreements reached with civil society associations, federations, cooperatives and groups either locally or nationwide.



## AS A COMPANY ATTACHING IMPORTANCE TO INNOVATIVE TECHNOLOGIES, AYTEMİZ LAUNCHED THE "PAY ON BOARD" SYSTEM.

In 2018, Aytemiz will work hard to ensure that different card groups are integrated into the system, and new customers will be attracted to the stations by means of integration with BKM express and new bulk group agreements. In order to support these efforts and enhance customer loyalty, the company will reach partnership deals with brands operating in retail and add new features to Aytemiz Card.

Since advanced technologies have thoroughly penetrated the fuel oil sector, the company launched the "Pay on Board" system, whereby drivers can purchase fuel oil without having to exit their cars. "Pay on Board" is a reliable system, which provides practical solutions to those travelling with their children, individuals with physically handicapped, and motorcyclists unwilling to take off their helmets or gloves while making a payment.

Aside from the fuel market, Aytemiz also aims at becoming a major retail brand, and is capable of following customer purchases through the strong CRM infrastructure created to this end. As such, Aytemiz shapes its campaign designs according to customers' purchasing habits.

As part of operational improvements at the stations, many studies were carried out by the Training Department for the advancement of station employees, who interact with customers face to face. In 2017, a two-term mystery customer survey was conducted among Aytemiz dealers and competitors' dealers. In the first term of the mystery customer survey, Aytemiz stations across Turkey scored an average of 72.4 points out of 100. The company aims to finalize the second term of the mystery customer survey in the first quarter of 2018.

**AYTEMİZ WAS THE FIRST IN THE SECTOR WITH ITS "MOTORCYCLE-FRIENDLY STATION" PROJECT AND THE "FAST-CHARGING" UNITS FOR ELECTRIC CARS.**



As part of the training programs for dealer personnel, a total of 2,421 station visits were realized and the controls were carried out together with practical training. In addition, a total of 498 training films were watched over the dealer portal. In 2018, the company plans to use the dealer portal more actively by updating the training documents.

Trainers delivered theoretical and applied training at 524 stations concerning the Aytemiz Card and "Pay on Board" schemes. Some 130 training sessions were completed in stations where the partnership with Castrol is ongoing.

As part of the bathroom and market transformation project, the responsible firm realized a pilot cleaning at the stations once a month; on the other days, biological cleaning was performed in the stations by using the same products. During the pilot cleaning, cleaning kits were placed in each station for sustainable biological cleaning. The bathroom and market transformation project will continue in 2018, and the visit frequency will be increased and training will be continued in order to uphold the cleaning standards at 200 stations. The biological cleaning project will be extended to cover those stations where the bathroom and market transformation is already complete.

Trainers will be supporting the training activities of 28 DOCO stations with monthly visits and practical controls. The plan is to establish a training academy for DOCO stations and the dealer stations managers/personnel, and to have it up and running in the first quarter of 2018. Furthermore, as part of the drama-training project planned for dealer employees in 2017, station managers will undergo training in four different locations in 2018.

In 2018, award program criteria will be set in order to increase the motivation of dealer employees, and announced to all field employees.

In 2017, Aytemiz broke fresh ground in the sector by realizing the "Motorcycle-Friendly Station" project, with the aim of raising traffic awareness of motorcyclists, contributing to their safety, and making their lives easier. Motorcycle-Friendly Aytemiz stations feature special parking areas for motorcyclists, personal lockers where they can keep their helmets, coats and gloves, as well as special products in the market for this segment.





## IN OCTOBER 2017, AYTEMİZ STARTED TO SERVE THE EVER-INCREASING NUMBER OF ELECTRIC VEHICLES WITH "FAST-CHARGING" UNITS.

Preempting the future transformation of the automotive sector from today, Aytemiz has reshaped its road map in with this upcoming change in mind. In October 2017, for the first time in Turkey, a fuel oil station inaugurated a fast charging unit for electric vehicles, whose numbers grow day after day.

With the slogan "All the energy you need is at Aytemiz," the company started to deliver Turkey's first fast electric charging unit at the Aytemiz station on the İstanbul-İzmir Motorway. The fast charging unit is capable of charging three electric cars at the same time. Aytemiz plans to inaugurate six more stations in five provinces in 2018 and thus extend its e-charging station network.

Aytemiz will continue its innovative, dynamic, high-tech and consumer-focused projects in 2018.

Aytemiz, boasting a station network across Turkey, has achieved a high market share and occupies a strong, market leading position. Aytemiz ranks among the largest main distribution companies in the petroleum products distribution sector. With the growth targets it aims to meet in 2018, the company is committed to capturing more market share steadily.

## Gas Plus Erbil (GPE)

The Group also has a 20% net interest in oil exploration and production activities in Northern Iraq through a joint venture company – Gas Plus Erbil. In 2014-2015, oil production took place at the Phase 1 production wells located in the Bastora and Benenan oil fields. While some of the oil extracted from these fields is exported, most is sold on the local market. The data collected was assessed in the years 2015-2016, and there was a special focus on heavy oil production techniques. In 2016, the engineering process for the Phase 2 development program continued, with another well planned to be added to the existing wells in production. In 2017, the company will undertake a technical operation to be able to continue production in an existing well. Drilling began for the Hawler-1A 3-branch horizontal production well in late October 2017, and the well is expected to be ready for production in the first quarter of 2018. According to plans, production will begin at the Benenan-3 and Hawler-1A multiple horizontal wells in 2018. The resulting production data will be employed to realize the engineering design for the field development programs.

## ELECTRICITY GENERATION AND TRADE

### Wind Power Plants (WPP)

#### Şah WPP & Mersin WPP

Keen to grow in the field of renewable energy, Doğan Enerji entered the wind power generation sector in 2012. At that time, the company added Mersin WPP and Şah WPP, which operate under the name Galata Wind Enerji A.Ş., to its power plant portfolio. As Doğan Enerji's fully owned subsidiaries, Mersin WPP operates in Mersin province, Mut district, and Şah WPP in Balıkesir province, Bandırma district. Following the takeover procedures, the installed capacity of Mersin WPP was increased from 33 MW to 42 MW in 2013, and Şah WPP went up from 93 MW to 105 MW. Following the investment decision in 2016, the extension project of Mersin WPP began in 2017. Recently, six Vestas V112 turbines each with a capacity of 3.45 MW were added to the power plant to bring its installed capacity to 62.7 MW. The capacity extension was finalized on December 20, 2017. Mersin WPP and Şah WPP, whose licenses were obtained in 2007 and 2008 and which have a total installed capacity of 167.7 MW, are expected to generate an annual 520 million kWh of electricity in total. In particular, Mersin WPP is one of the most efficient wind plants in Turkey due to its location and generation data, and therefore contributes significantly to the Doğan Enerji portfolio.

#### Taşpınar WPP

Doğan Enerji wants to grow in the field of wind power, and has in its portfolio the 60 MW Taşpınar WPP project, which is currently in the pre-license stage. Permission procedures continue for the Taşpınar WPP project, which is located in the Bursa-Mustafakemalpaşa region. It is expected to receive the license in the last quarter of 2018, and initiate construction activities by 2019.

The project is free from royalty fee and Doğan Enerji plans to benefit from local infrastructure to receive local content incentives and enjoy YEKDEM support. As such, the project is expected to occupy a major place in the Doğan Enerji portfolio.

### Hydro Power Plants (HEPP)

#### Aslancık Dam and HEPP

Aslancık Dam and Hydroelectric Power Plant is situated on Harşit Brook within the town limits of Doğanekent and Tirebolu in Giresun province. The project's construction began in the fourth quarter of 2010 and the first 60 MW unit was commissioned in March 2014. With the commissioning of the second 60 MW unit in September 2014, the power plant started full capacity generation.

Doğan Holding has a 25% share in the project while Doğan Enerji holds an 8.33% share in the 120 MW Aslancık Dam and HEPP Project. The other partners of the project are Anadolu Group and Doğu Enerji. The project's electricity generation license was received from EMRA on March 20, 2008; the power plant is expected to generate 350 million kWh of energy annually. Aslancık HEPP is the second HEPP project commissioned by Doğan Enerji. The power plant has reinforced the Group's investment vision in the enerji sector, while providing 100% domestic contribution to the national energy supply.

#### Boyabat Dam and HEPP

The 513 MW Boyabat Dam and HEPP is located in northern Turkey, on the Kızılırmak River. Doğan Enerji owns 33% of Boyabat Elektrik Üretim ve Ticaret A.Ş. The other partners of the project are Unit Elektrik and Doğu Enerji. The license of the Boyabat Dam and HEPP project was obtained from the Energy Market Regulatory Authority (EMRA) on November 13, 2007. The project became fully operational in 2012. The Boyabat project is expected to generate about 1 billion kWh electricity per year.

## BOYABAT HEPP INSTALLED CAPACITY (MW)

# 513



**WITH ASLANCIK HEPP, THE  
COMPANY REINFORCED ITS  
PERSPECTIVE AND INVESTMENT  
VISION TOWARDS THE ENERGY  
SECTOR AND PROVIDED 100%  
DOMESTIC CONTRIBUTION TO THE  
TURKISH ENERGY SUPPLY.**

## **Wholesale and Retail Electricity Trade**

### **D-TES – DOEL<sup>(8)</sup>**

Aside from electricity generation activities, Doğan Enerji also wants to play a role in wholesale and retail electricity trade. Doğan Enerji obtained a further 75% share in 2013 in D-Tes Elektrik which holds an electricity supply license 25% of whose shares it had already acquired, and became its sole shareholder. Since that time, D-Tes assumed a prominent position in wholesale and retail electricity sales, creating an annual trade volume of 5 billion kWh on average and standing out with its top quality customer service. D-Tes was included in the Fortune Top 500 list with its 2016 performance in 2017.

The company restructured its wholesale and retail operations in September 2017 and paved the way towards entering new business lines from the increasingly limited retail sales with a new vision. The trade company will start operating under the name DOEL in 2018. On top of its eligible consumer portfolio, it stands out with the Balancing/ Unbalancing Group under its umbrella and controls a roughly 5,000 MW energy generation portfolio. DOEL manages all of its portfolio round-the-clock with intra-day trading and strives to minimize the imbalances. In the eligible consumer segment, DOEL targets sustainable and well-balanced growth and runs its sales operations towards this objective.

<sup>(8)</sup> D-Tes Elektrik Enerjisi Toptan Satış A.Ş. was dissolved on 28.12.2017 through merger with Galata Wind Enerji A.Ş. From September 2017 onwards, all commercial operations were transferred from D-Tes Elektrik Enerjisi Toptan Satış A.Ş. to DOEL Elektrik Enerjisi Toptan Satış A.Ş. As of 2018, Doğan Enerji's wholesale and retail electricity trade operations are performed entirely by DOEL Elektrik Enerjisi Toptan Satış A.Ş., under the brand "DOEL".



# RETAIL

DOĞAN HOLDİNG CONTINUED TO SHAPE THE HOBBY AND CULTURE RETAILING SECTOR WITH THE D&R BRAND IN 2017.



NUMBER OF MONTHLY VISITORS - FOR STORES

**5**  
MILLION



TOTAL NUMBER OF STORES

**169**



NUMBER OF MONTHLY UNIQUE VISITORS – FOR ONLINE STORES

**5.5**  
MILLION



CONSOLIDATED REVENUE

**803**  
TL MILLION



GROSS PROFIT

**310**  
TL MILLION



EBITDA

**26**  
TL MILLION







## Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. (D&R)

D&R, the retail investment of Doğan Holding, offers a unique service concept in hobby and culture retailing across a wide geographic area. D&R aims to encourage everyone to discover, enjoy and share the world of culture and entertainment more frequently and conveniently. The retailer creates a world that enriches every moment of life by drawing people together around a common platform.

Founded in 1996, D&R opened its first store in 1997, in Erenköy, Istanbul. As of year-end 2017, D&R operates 169 stores, with a total sales area of 65,689 m<sup>2</sup>. D&R stores, located on the busiest streets and in modern shopping malls, are visited by an average of 5 million customers monthly, and offer nearly 200 thousand varieties of products for sale.

D&R fulfills an important social responsibility by motivating the public to read books, listen to music and watch films. D&R stores offer a wide range of products, from books to music, movies to electronics, games to hobbies, souvenirs to stationery. Admired by customers with their extensive product selection as well as appealing cultural events, D&R stores also contribute to the cultural development of visitors by reserving designated areas for reading and hosting book signing days with famous authors.

D&R's online stores – [dr.com.tr](http://dr.com.tr) and [idefix.com.tr](http://idefix.com.tr) – increased their number of unique visitors in 2017 to 5.5 million, up 22% over the prior year. Doğan Holding plans to further expand D&R's footprint by investing in new stores, thus bolstering the market leader's retail network.

Closely monitoring innovations in the rapidly developing retail sector, D&R plans to continue its steady growth performance by seizing profitable investment opportunities. D&R plans to continue investing in both e-commerce and retail stores to maintain its leading position and increase brand awareness.

# INDUSTRY

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DOĞAN HOLDİNG, TOGETHER WITH ITS  
INDUSTRY SUBSIDIARIES, CONTINUES TO  
GENERATE ADDED VALUE FOR TURKEY.



CONSOLIDATED  
REVENUES

**TL 312**  
MILLION



ÇELİK HALAT REVENUES

**TL 225**  
MILLION



DİTAŞ REVENUES

**TL 87**  
MILLION







## ÇELİK HALAT DEVELOPS STRATEGIES THAT WILL INCREASE ITS SHARE OF EXPORTS IN ORDER TO EXTEND ITS SUCCESS IN THE DOMESTIC MARKET TOWARDS INTERNATIONAL PLATFORMS.



### Çelik Halat ve Tel Sanayii A.Ş.

As one of Doğan Group's oldest industrial investments, Çelik Halat was founded in 1962 in order to meet the high demand for carbon steel wire and rope in Turkey; the company became operational in 1968. Çelik Halat is subject to the Capital Markets Law, and the company's shares have been listed on Borsa Istanbul since January 10, 1986.

Continuously improving and growing since the day it was founded, Çelik Halat manufactures steel wire ropes, industrial galvanized wires, industrial spring wires, bead wires and concrete strands. The ropes and wires produced by Çelik Halat have been used securely in cranes, construction, oil and mining, ships, elevators, transportation vehicles, agricultural vehicles and many other areas for many years.

Çelik Halat is positioned as a strong and leading brand. It is the number one manufacturer in the industry in terms of industrial know-how, organizational structure and sales. Çelik Halat achieves a high sales volume in every operating region thanks to its quality-oriented products and services.

The company formulates strategies to transfer its domestic market success to the international arena in order to increase its exports. Since its establishment, Çelik Halat has increased its brand value thanks to its high-quality products portfolio. Today, the company continues to build on its solid domestic and international reputation and makes a difference with its success.

The company has had TSE EN ISO 9001 Quality Management System and environmental safety certifications such as ISO 14001 and OHSAS 18001 for many years. In addition, Çelik Halat holds API logo usage permission (API 9A License No:9A-056) with its quality approved by the American Petroleum Institute along with "Red Vein" Trademark Registration Certification and Lloyd's Register quality certifications. Çelik Halat is also the only

Turkish company that actively participates in the EWRIS (European Steel Wire Ropes Manufacturers Federation), CET (European Wire Manufacturers Committee) and ESIS (European Concrete Strand Manufacturers Association) organizations. In order to establish the 5S Management System (Classification, Regulation, Cleaning, Standardization and Discipline) which forms the basis of all quality management systems, and foster a continuous improvement culture by reducing waste in systems and processes and boosting productivity, the company launched Lean Production activities on the basis of Kaizen and currently continues these efforts in an efficient manner.

One of the most important developments in support of occupational safety, quality and sustainability in production was the Çelik Halat Academy Project initiated in 2017. This training set provided to every newly recruited employee elevates quality standards ever higher, helps them adapt to the firm, and raises their occupational safety and environmental protection awareness from the very beginning. The joint projects with universities also continue as a separate scheme that bolsters the development and sustainable quality approach.

Accepted to TAYSAD membership at end-2017, Çelik Halat made a membership application to AWRF (Associated Wire Rope Fabricators) at the same time.

Inflation surged due to foreign exchange rate fluctuations and commodity price hikes in 2017, pushing up Çelik Halat's unit costs and sales prices. However, demand increased due to rising public sector investments in both domestic and international markets, allowing Çelik Halat to raise its unit prices before the significant inventory cost increase. Çelik Halat's revenues surged 47.2% in 2017 to TL 225.1 million and its gross profitability increased sharply. Raising the share of international sales in total sales from 27% in 2016 to 33% in 2017, Çelik Halat realized 61% of its international sales in Europe, 34% in America and the remaining 5% in Asia and Africa. Çelik Halat's profit for the period rose to TL 10.8 million in 2017 (2016: TL 2.1 million).





## Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş.

Founded in 1972 to operate in the automotive supplier industry, Ditaş manufactures steering and suspension systems parts for all types of vehicles. Ditaş is subject to the Capital Markets Law, as the company's shares have been listed on Borsa İstanbul since May 21, 1991.

With over 45 years of experience, Ditaş is one of the biggest steering and suspension systems manufacturers in Turkey. The most important factors behind the company's sustainable success include: the strong brand reputation resulting from operating under the umbrella of Doğan Holding; closely monitoring technological trends and developments of the industry; and using state-of-the-art IT systems in the plants, highly skilled human resources, modern engineering systems and advanced integrated manufacturing facilities.

Ditaş has taken important steps to become a reputable brand as an original equipment supplier in the global automotive market and in the automotive aftermarket. The company has decided to further carry out sales and marketing for its products with three separate local companies that respectively serve the Commonwealth of Independent States including Russia; Asia Pacific countries; North and South America. For this reason, the company established three companies (in the Russian Federation, People's Republic of China and the US); 100% of the capital of these companies belongs to Ditaş. D-Stroy LTD was established in Moscow in 2015 and is engaged in business development and sales activities in Russia and CIS. Ditaş America LLC runs sales and marketing operations with logistic support received from Ditaş. Ditaş Trading Shanghai Co. Ltd.'s liquidation process started on January 20, 2017. Since this date, activities in China have been carried out as before, via outsourcing.

Having received ISO/TS 16949:2009 Automotive Suppliers Quality System Certification, ISO 14001:2015 Environmental Management System Certification and the FORD Q1 award, Ditaş is also a class "A" supplier of Turkey's biggest vehicle manufacturers.

For Ditaş, 2017 became the year of implementation of new projects, collaboration with new customers, and the serial production of many new products. In addition to the existing automotive products range, the company enhanced its product diversity through analysis, field study and feasibility research of different sectors, such as railways, aviation and defense. The Product Lifecycle Management (PLM) program was put in place to manage the diversity of products on offer in order to meet the demands of the sector.

In 2015, Ditaş was admitted to the state-sponsored Turquality program, which is designed to help companies that sell products in which Turkey holds a competitive advantage and where branding potential exists. The program aims to support companies in their efforts to become global market players with their products so that over the long run the image of the "Made in Turkey" label can be positively consolidated. Government incentives are received for expenditures on increasing international brand value and the relevant applications are still in progress.

Ditaş completed the restructuring process, which will carry its deeply rooted engineering infrastructure to the future and completed the R&D center foundation procedures on July 20, 2017. Upon the approval by the Ministry of Science, Industry and Technology, Ditaş has become Turkey's 571<sup>st</sup> R&D Center, which fulfills all the requirements listed in Law no. 5746.

At the R&D Center, faculty members from Adana Science and Technology University and Çukurova University have started to deliver consultancy services. As such, specialized academics visit the Ditaş R&D center once every week and work on the designs together with Ditaş employees.

Ditaş's international sales accounted for 58% of its total revenues in 2017 (2016: 55%); sales prices are mainly denominated in Euro. The company's net sales increased by 25% to reach TL 87.2 million in 2017. EBITDA rose to TL 11.3 million in 2017 from TL 475 thousand in the previous year. With the impact of these positive developments in revenues and profitability, Ditaş closed the year with net profit of TL 4.7 million (2016: TL 3.8 million net loss).

**FOR OVER 45 YEARS, DITAŞ HAS  
BEEN MANUFACTURING STEERING  
AND SUSPENSION SYSTEM PARTS.**

# TOURISM

DOĞAN HOLDİNG CONTRIBUTES TO TURKISH  
TOURISM WITH ITS DISTINGUISHED BRANDS  
IN THE TOURISM SECTOR.



MARKET SHARE OF  
MILTA BODRUM MARINA  
YACHT MANAGEMENT

**2%**



TOURISM CONSOLIDATED  
REVENUE

**TL 66  
MILLION**



CAPACITY OF MARINA

**425** YACHTS-MOORING

**50** YACHTS-HARD STANDING



HOTEL ROOM CAPACITY

**290** – IŞIL CLUB

**87** – MARINA VISTA







## MILTA BODRUM MARINA IS THE CHOICE OF YACHT OWNERS FROM ACROSS THE WORLD THANKS TO THE "5 GOLDEN ANCHORS" INTERNATIONAL QUALITY AWARD GRANTED BY THE EUROPEAN YACHTING ASSOCIATION.

### Milta Bodrum Marina

Marinas are of great importance in Turkey, which is surrounded by sea on three sides, due to the tourism and employment opportunities these facilities provide to their environs. Our country obtains 25% of its total tourism revenue from marine operations, and at least 80% of this figure comes from marinas and yachting.

Turkey has a nice location for marina tourism and it is currently home to 38 officially licensed marinas along the country's more than 8 thousand kilometer long coast. The number of marinas are rapidly rising as occupancy rates reach upwards of 80%. In recent years, the majority of yachters at Turkish marinas were from the United Kingdom and Germany; the number of Turkish yachters is also increasing day by day.

With its world-class service quality, convenient location in the city center and close-range to the airport, customer-oriented professional staff and customer specific service diversification, Milta Bodrum Marina ranks among the top five marinas in the Mediterranean basin.

Milta Bodrum Marina has a market share of 2% among the Tourism Establishment Certified marinas with a client portfolio that includes sailboat, catamaran and motor-yacht owners, charter companies and boating agencies.

Milta Bodrum Marina, one of the outstanding marinas of the Aegean and Mediterranean coast, is situated at the heart of Bodrum's city center. Thanks to its ever-improving infrastructure and world-class service, the marina makes a difference in the sector.

Milta Bodrum Marina provides customers and staff alike with an exclusive experience, and ranks among Europe's top 10 marinas. The Marina initiated Turkey's first and only around-the-clock sea and land marine rescue service. Every year, the company expands its social responsibility efforts.

Ranking in the top 50 marinas among 25 countries in terms of service quality, Milta Bodrum Marina every year receives awards from various institutions that recognize excellence in this arena. The Marina also received the "Five Golden Anchors" international quality award from the European Yachting Association, entitling the marina to be recommended to yacht owners around the world. Milta Bodrum Marina further bolsters its prestigious market position, both nationally and internationally, with the "National Blue Flag" award it has received each year since 1997. Milta Bodrum Marina won the Best Environmental Awareness Raising Activity Award in 2017, for broadening children's awareness on the environment and nature with the social responsibility projects it has developed.

Doğan Holding Board of Directors decided on July 25, 2017 to sell and transfer the shares of Milta Turizm İşletmeleri A.Ş. to Tek Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri Anonim Şirketi. The transaction amount of USD 105,000,000 in cash, after corrections for any net debt on the closing date, will be received once the necessary legal permissions are received from the regulatory authorities and the other routine closure prerequisites in the agreement are met. **As indicated in our Public Disclosure dated January 26, 2018**, the closure prerequisites of the relevant Share Purchase and Sales Agreement ("Agreement") were not met in the planned period, and there is ongoing work to complete the permission procedures with the regulatory authorities and continued talks among the parties as regards the contract terms. In case of any important development concerning the issue, public disclosure will be made as per the relevant legislation.





## Marlin Otelcilik (Marlin Hotel Management)

### Işıl Club Bodrum

Since starting operations in 1985, Işıl Club Bodrum has been one of the preferred accommodation providers in the Bodrum region with its customer-oriented approach, wide range of services, comfort and high quality.

The number of tourists from Germany, which is among the top five countries sending the most tourists to Turkey, continued to decrease in 2017. Işıl Club Bodrum was negatively affected by this, as European countries constitute its main market. In order to compensate for sales losses, various discounts and promotions were organized and there was a special focus on the domestic market for sales. Despite all these adversities, Işıl Club managed to become the Turkish hotel to which TUI made the highest sales in Belgium.

Işıl Club Bodrum, which has won the loyalty of both local and international guests with its top-notch service and high guest satisfaction for many years, was once again deemed worthy of awards in the area of guest satisfaction by well-respected survey sites of the tourism sector in 2017.

Işıl Club Bodrum won the Certificate of Excellence from tripadvisor.com, and was designated one of the most recommended

facilities by holidaycheck.com. Işıl Club, cognizant of the contribution of guests' satisfaction and comments to the development of its facilities, has made an agreement with Trustyou, which allows the instant online visualization and management of guest comments online.

Işıl Club Bodrum received a Silver HACCP quality certificate in recognition of its success in the annual audits, and was granted the "National Blue Flag" award in 2017, as in every year. Işıl Club Bodrum also obtained the "Clean Pool Certificate." from the Ministry of Health, Muğla Public Health Directorate's.

### Marina Vista

Marina Vista, which serves customers throughout the year, is located directly across from Milta Bodrum Marina. Due to its location, it is one of the highly preferred hotels in the area. Marina Vista Hotel gets high marks from guests with its peaceful environment and boutique service approach. It is the perfect locale for an extraordinary, unforgettable holiday experience with its elegantly designed rooms, fine restaurant, swimming pool, botanical garden and friendly staff. Marina Vista Hotel aims to further boost its service quality with the professionally trained team it employs.

Despite these unfavorable conditions in 2017, Marina Vista was awarded certificates of excellence in guest satisfaction by

prestigious international survey sites of the tourism industry, such as tripadvisor.com, holidaycheck.com and booking.com.

Around 70% of Marina Vista's hotel guests are Turkish, 40% of whom are repeat guests. The aim is to keep the occupancy rate high through close cooperation with agencies in the domestic segment.

## İlke Turistik Yatırımlar A.Ş.

### Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.

Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. was founded on November 02, 2012 as a joint venture company with Milta Turizm İşletmeleri A.Ş. and Rönesans Gayrimenkul Yatırım A.Ş., with each holding a 50% share. Kandilli Gayrimenkul purchased a 23,685 m<sup>2</sup> land in Ümraniye, İstanbul to develop real estate projects.

### M-Investment 1 LLC

On April 14, 2014, Milta Turizm İşletmeleri A.Ş. established M-Investment 1 LLC in the United States to invest in real estate projects. As of December 31, 2017, M-Investment 1 LLC's capital totaled USD 14,580,000. M-Investment 1 LLC's long-term investments include Lexin Nassau L.P. The said investment is accounted as a financial asset held-for-sale, and as of December 31, 2017 its fair value is recorded as TL 96,080 thousand (USD 25,473 thousand).

# MOTOR VEHICLE AND REAL ESTATE MARKETING

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FOLLOWING SUZUKI AND PIAGGIO,  
DOĞAN HOLDİNG ENRICHED ITS  
PORTFOLIO WITH DAF.



MOTOR VEHICLE SALES  
REVENUES

**TL 308**  
**MILLION**



SUZUKI MARINE MOTORS  
MARKET SHARE

**19%**







### SUZUKI'S SUV MODEL SUZUKI VITARA, WHICH MADE ITS MARK IN THE AUTOMOTIVE WORLD, BECAME TURKEY'S MOST PREFERRED SUV MODEL IN ITS CLASS IN 2017.

#### Motor Vehicle Marketing

##### Suzuki Motorlu Araçlar Pazarlama A.Ş.

Suzuki Motorlu Araçlar Pazarlama A.Ş., which started operating under Doğan Holding as of the second half of 2015, rapidly restructured. The priority of the company is to continue the satisfaction of existing and prospective customers of Suzuki brand automobiles, motorcycles, and marine motors, and to ensure their loyalty to the Suzuki brand. To this end, Suzuki's objective is to ensure continuity in sales and after sales services.

Suzuki's SUV model Suzuki Vitara, which made its mark in the automotive world, became Turkey's most preferred SUV model in its class in 2017, thanks to its compact size and economic advantages. Suzuki Vitara was fully renewed in 2016 to stand out with its brand new technologies, comfort, security equipment and design features. In 2017, it became the best-selling SUV in its class with a unit sales figure of 3,924. This sales performance earned Suzuki Turkey the title and award for the best sales increase in the European region.

Vitara, whose new generation was met with great appreciation and interest from car lovers, is expected to continue this success in 2018 as well.

Despite the 20% countervailing duty placed on motorcycle sales in 2017, Suzuki completed the year with success.

In spite of 20% contraction in the marine motors market over the previous year, Suzuki managed to increase its market share from 16% in 2016 to 19% in 2017. As such, Suzuki won the "Continuous Sales Growth" award given by Suzuki Motor Company.

##### Piaggio - Trend Motosiklet Pazarlama A.Ş.

Doğan Holding subsidiary Trend Motosiklet Pazarlama A.Ş. ("Trend") reached an "Exclusive Distributorship Agreement for Turkey" with Piaggio & C. SpA ("Piaggio Group"), the manufacturer of Europe's leading and the world's major motorcycle brands (Piaggio, Vespa, Aprilia and MotoGuzzi) in November 2016. In March 2017, Trend began sales & marketing, and after-sales service and quickly reached an important position in the Turkish market. In its sales points across Turkey, Trend markets different models appealing to the different needs of motorcycling enthusiasts and the latest models of its brands. In 2018, Trend shall continue to grow in the motorcycle market with its all other models, particularly Vespa.

##### DAF – Glokal Motorlu Araçlar Pazarlama A.Ş.

In line with its sectoral growth plans, Doğan Holding executed an agreement with PACCAR Group – the largest heavy vehicle company in the United States and one of the top three in Europe. With this agreement, Glokal Motorlu Araçlar Pazarlama A.Ş. ("Glokal") was established for the sales and after sales operations of DAF-branded heavy commercial vehicles.

Having officially launched its operations in October 2016, Glokal established its first sales center in Orhanlı-Tuzla, on the Asian side of Istanbul, followed by another sales center in Koşuyolu. From November 2017 onwards, Glokal started to deliver services to DAF-branded tow trucks and trucks in İkitelli on the European side of Istanbul. Despite the contraction affecting the logistics sector especially in the last two years, the heavy commercial vehicle market is expected to expand in 2018 with new projects, and thus, Glokal plans to grow.





## Real Estate Marketing

### Milpa Ticari ve Sinai Ürünler Pazarlama Sanayi ve Ticaret A.Ş.

Milpa was established in 1980 to carry out direct marketing of motor vehicles, consumer durables and consumer products. Throughout the years, the company has diversified its business activities into many sectors ranging from electronics to automobiles, computers to real estate. With over 37 years of experience in various sectors, a management approach that is open to

change, and a well-skilled workforce, Milpa has demonstrated stable and balanced growth in marketing, an area that is fiercely competitive.

Milpa, focused on the real estate sector, revised its targets and strategies during the 2000s. Milpa ramped up its real estate investments and increased its business activities. Construction of the first phase of the Milpark Houses development was completed, and the units were delivered to the homeowners. As for the Automall project, 431 stores and 221 homes were sold and delivered to the owners.

# FINANCIAL SERVICES

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DOĞAN HOLDİNG DELIVERS DISTINCTIVE SOLUTIONS IN THE FIELD OF FINANCIAL SERVICES.



Doruk Finansman







### **DORUK FAKTORING HAS RECEIVED THE APPROVAL OF THE CAPITAL MARKETS BOARD FOR ISSUING TL 300 MILLION IN BONDS IN JUNE 2017, AND REALIZED ITS FIRST BOND ISSUE WITH A NOMINAL VALUE OF TL 90 MILLION IN SEPTEMBER 2017.**

#### **Doruk Faktoring**

Established in 1999 and restructured in 2001, Doruk Faktoring A.Ş. ("Doruk Faktoring"; formerly named as Doğan Faktoring A.Ş.) undertakes the collection of advertising and other receivables of Doğan Media Group.

Doruk Faktoring provides a comprehensive range of services in this area. These services include taking over and collection of billed receivables arising from the sale of goods or services and of receivables arising from the sale of goods and services in accordance with BRSA's regulatory framework; the keeping of debtor and customer accounts; performing financing and factoring guarantee functions.

To perform all types of factoring transactions, including debt collection, financing, intelligence, accounting and other related services, Doruk Faktoring specializes in debt collection and provides service to Doğan Group and the media sector.

In addition to debt collection, Doruk Faktoring also provides other services such as accounting, reconciliation, legal services and financing. The company allocates to non-group companies nearly all of the funds it generates through its own equity, and the loans it takes out.

Doruk Faktoring has increased its profitability since its inception; the company grew further in 2017 with its new organization structure and new location at Trump Towers, to achieve a unique position in the sector and to initiate branching activities.

In May 2017, JCR Eurasia assigned Doruk Faktoring an investment grade and designated its long-term national rating as A+(TRK) and its outlook as positive. In June 2017, Doruk Faktoring has received the approval of the Capital Markets Board for issuing TL 300 million

band and in September 2017 realized its first bond issue with a nominal value of TL 90 million.

As a member of the Credit Registration Bureau (CRB) of Turkey, Doğan Faktoring can make inquiries regarding bounced checks, risk reports and check reports, and provide information on loan customers' consolidated credit and risk limits. With its skilled workforce, the company also carries out comprehensive risk analyses for trade receivables, thereby minimizing the collection problems customers could encounter.

Doruk Faktoring uses the Central Invoice Registration System (MFKS), which allows central registration of information and/or documentation of receivables transferred to factoring companies and banks, established pursuant to Article 43 of Law No. 6361 on Financial Leasing, Factoring and Financial Companies. This system also makes aggregation, as well as the control and reporting of duplications easier.

Doruk Faktoring is a mandatory member of the Financial Leasing, Factoring and Financial Companies Union established under Law No. 6361.

#### **Doruk Finansman**

Doğan Holding founded Doruk Finansman A.Ş. ("Doruk Finansman"; formerly named as DD Finansman A.Ş.) in 2006 as the first mortgage company in Turkey established under the framework of the Mortgage Law.

With the entry into force of Mortgage Law No. 5582 in 2007, Doruk Finansman filed a license application with the Banking Regulation and Supervision Agency (BRSA). In 2007, Deutsche Bank AG acquired 49% of the company's shares. Doruk Finansman has operated in the area of mortgage finance since 2008, when it was granted an operating permit from BRSA. Doruk Finansman is





## **DORUK FİNANSMAN EXTENDED ITS FIRST COMMERCIAL CREDIT IN THE LAST QUARTER OF 2017, AND AS OF END-2017, REACHED A TOTAL COMMERCIAL LOAN PORTFOLIO OF TL 29 MILLION.**

a member of Association of Financial Institutions (FKB) and has received the approval of BRSA for insurance dealership.

With a decision of the Board of Directors dated August 25, 2017, the company's 49% share held by Deutsche Bank AG was sold and transferred to Doğan Şirketler Grubu Holding A.Ş. The aim is to increase the operation volume of certain products by means of intra-group synergy.

The company amended the Articles of Association at the Extraordinary General Assembly Meeting held on November 15, 2017, changed its title to Doruk Finansman A.Ş. and increased its paid-in capital to TL 30 million.

Doruk Finansman extended its first commercial credit in the last quarter of 2017, and as of end-2017, reached a total commercial loan portfolio of TL 28,997,700. Doruk Finansman is aiming to be an innovator in loan products, and forges ahead as a singular company in its product category.

In 2018, the company plans to expand its balance sheet by means of sector- and firm-wide risks, increase its market share, expand its customer base with the acquisition of new firms

as customers, develop and use new products, and provide high quality and swift services to boost customer loyalty.

Doruk Finansman is authorized to extend loans such as vehicle loans, loans for the procurement of consumer durables, mortgage loans, mortgage-backed individual financing loans, service sector loans and stock financing loans.

## **Öncü Girişim Sermayesi Yatırım Ortaklığı**

Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. (Öncü Venture Capital Investment Trust or Öncü VCIT) was established on December 18, 2014 by Doğan Holding. Öncü VCT's vision is to put smart money in and provide financing to companies which generate revenues, have designed their product/service, are actively engaged in commerce, boast a strong team, enjoy product-market harmony, have passed to the growth stage, and are currently seeking investments for the next stage (product, production, market, and the like). Öncü VCIT's mission is to become the growth engine of Doğan Group, evaluate start-ups with potential for Turkey, assess areas for new investments by Doğan Group, and work for synergy.

The company aims to invest in Turkey-based startup enterprises that have the capability to generate cash and high profits as well as the potential to achieve above-average capital efficiency but require capital and management know-how to realize their full potential. Öncü VCIT conducts its operations within the framework of the Capital Markets Law, the regulations of the Capital Markets Board and other relevant legislation as well as in accordance with the principles approved by the General Assembly ("Investment Policy"). In the Turkish Commercial Registry Gazette dated August 11, 2017 and numbered 9387, it was stated that the company's issued capital will be raised from TL 51,000,000 to TL 80,000,000. With this capital increase, the company's shareholding structure changed and Doğan Gazetecilik A.Ş. got a 25% share.

# SUSTAINABLE GROWTH AND THE ENVIRONMENT

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**DOĞAN HOLDİNG'S  
ENVIRONMENTAL POLICY IS  
FOLLOWED BY ALL GROUP  
COMPANIES.**

## **DOĞAN GROUP'S ENVIRONMENTAL POLICY**

Providing products and services in a wide range of sectors, Doğan Group companies devise policies and strategies to protect and improve the environment, prevent pollution, preserve and foster biodiversity, wildlife, ecology, flora and fauna, waterways and natural resources.

Doğan Holding deems the protection of the environment as one of its key responsibilities for the sake of humanity and wildlife.

Doğan Holding's environmental management policy focuses on the following five areas:

- Waste Management
- Disposal and Recycling
- Water Usage
- Transport
- Air Emissions

Doğan Group is committed to:

- Complying with international legal regulations approved by national public agencies, environmental laws, regulations and other obligations;
- Pursuing international best practices, including those not demanded by public authorities, so as to internalize those that could contribute to our business;
- Raising the environmental awareness of the citizens of Turkey and the citizens of other countries where our publications and broadcasts are available;

- Preferring and utilizing eco-friendly technologies;
- Developing eco-friendly products and services;
- Reusing raw materials and equipment or increasing the usage of recycled raw materials and equipment in order to save natural resources;
- Increasing energy efficiency and prioritizing renewable energies in all our operations to ensure responsible energy consumption;
- Taking action to measure and improve the environmental footprint of our Group activities;
- Improving the efficiency of the Doğan Environmental Management System on an ongoing basis, and disclosing it to the public;
- Ensuring that the environmental management systems of Group companies are in line with the accepted standards, certified and periodically audited by authorized firms;
- Reviewing the environmental policy of the Company regularly and monitoring the compliance of the Holding and Group companies with this policy;
- Communicating and developing joint projects about the environment with NGOs;
- Training all employees about the natural environment and encouraging them to participate in ecological activities;
- Communicating with all stakeholders regarding protection of the natural environment, administering training seminars, and expending efforts to diminish our environmental footprint and to protect biodiversity in all our areas of operation.

**DOĞAN HOLDİNG DEEMS  
THE PROTECTION OF THE  
ENVIRONMENT AS ONE OF ITS KEY  
RESPONSIBILITIES FOR THE SAKE  
OF HUMANITY AND WILDLIFE.**

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## DOĞAN HOLDİNG CLOSELY MONITORS PRACTICES AND CURRENT TECHNOLOGICAL DEVELOPMENTS THAT ENSURE ENVIRONMENTAL SUSTAINABILITY IN ITS ADMINISTRATIVE BUILDINGS.

Doğan Group's Environmental Policy is followed by the Holding and all Group companies. Group companies participate in the determination of environmental objectives. The Early Risk Detection Committee is charged with implementing the Environmental Policy. The Early Risk Detection Committee is responsible for setting environmental objectives, establishing the environmental management system, determining performance criteria, and creating action plans.

The efficiency of the environmental management system is audited by the audit departments of the Holding and Group companies, and the results are submitted for the assessment of the Audit Committee and the Board of Directors.

### ENVIRONMENTAL PROJECTS

#### Doğan Holding

Doğan Holding closely monitors and implements practices and current technological developments that ensure environmental sustainability in its administrative buildings. The Holding's head office, in use since 2011, is equipped with new generation cooling devices in line with EU norms; these devices use the eco-friendly gases R 410 and R 132. State-of-the-art, eco-friendly fire-extinguishing systems are also equipped at the headquarters building. In addition, fire extinguishers' weight in the system has been reduced, since these are replaced

with eco- and people-friendly systems deploying FM 200 and Novac 1230 gases in accordance with EU standards. The insulation technology used in the building has led to a decline in natural gas consumption for heating purposes and a drop in electricity consumption for cooling, resulting in a reduction in overall CO<sub>2</sub> emissions.

### Media

#### Hürriyet

Due to its respect for humankind, Hürriyet Group is committed to protecting the natural environment and creating a healthier future for both people and wildlife. In line with sustainability policies, the Group expends efforts to abide by all laws, rules and regulations related to environmental protection, and to ensure the appropriate use of natural resources.

#### Environmental Permits and Licenses:

Antalya and Trabzon Doğan Printing Center ("DPC") facilities have fulfilled all the conditions listed in the "Environmental Permit and License Regulation" issued in the Official Gazette dated September 10, 2014 and numbered 29115. Antalya and Trabzon DPC received the 5-year Environmental Permit from the Provincial Directorate of Environment and Urbanization on July 6, 2011. This is the first ever Environmental Permit received by a printing center active in the publishing sector in Turkey. The consulting firm has extended Antalya DPC's environmental

# SUSTAINABLE GROWTH AND THE ENVIRONMENT

## HÜRRİYET SENDS HAZARDOUS WASTE TO AUTHORIZED DISPOSAL OR RECYCLING COMPANIES.

permit. Trabzon DPC was exempted from the Environmental Permit since it connected its wastewater discharge line to the channel of the Organized Industrial Zone where it is located. Istanbul DPC received the environmental permit for "Air Emissions" on July 31, 2015 by fulfilling the conditions for the permit.

**Water Consumption Management:** As part of its environmental sustainability activities and with a view to using water in an efficient manner, Hürriyet keeps a constant watch on water consumption via instruction, warning signs and daily water consumption reports in the production and office areas.

**Prevention of Environmental Pollution:** Hürriyet continuously evaluates its measures to reduce waste at the source, and makes further efforts to improve these measures. To this end, Hürriyet proactively ensures more effective production planning, minimal use of inventory, and improved working methods.

Hürriyet sends waste paper, hazardous waste and materials used in production to licensed waste disposal or recycling firms. Efficient production planning, minimal inventory usage and improvement of work methods are among the measures used to reduce waste creation.

Istanbul DPC and Antalya DPC are inspected every month, while other facilities undergo inspections at regular intervals by authorized environmental consultancy firms. The facilities in all regions periodically formulate "Industrial Waste Management Plans" for the hazardous and non-hazardous waste yielded by their operations. These plans are submitted to the Provincial Directorate of Environment and Urbanization for approval.

Authorized "Temporary Hazardous Waste Storage Areas" were established in the regions. The wastes collected in

these depositories are sent to authorized disposal or recycling companies licensed by the Ministry of Environment and Urbanization for evaluation and their records are retained. In addition, continuous improvement efforts are expended in the existing waste depositories under the guidance of environmental consultants.

## Doğan Gazetecilik

In line with the regulation on the health and safety measures for office buildings and annexes, thermal comfort measurements were taken especially in locations where employees may be affected. Periodic maintenance and controls for the electricity, air conditioning and fire-fighting systems were conducted as prescribed by the "Regulation on Health and Safety Principles in the Use of Work Equipment" issued in the Official Gazette dated 25/04/2013 and numbered 28628. Motion sensor faucets and economical light bulbs are utilized to cut water and electricity consumption.

## Doğan Burda

In line with its eco-friendly approach, Doğan Burda reduced its total electricity consumption by 13.3% to 182,710 kWh and sent 1,073 tons of paper to recycling in 2017. Since 2015, Doğan Burda has regularly reduced the total amount of water consumed.

Every year, ELLE Magazine's June issue is published as a green issue. In 2017, topics covered included sustainability, environment, nature and fashion related issues as well.

## Energy

## Doğan Enerji

Doğan Enerji conducts operations at the power plants in its portfolio in compliance with all applicable legislation. The company is also

## DOĞAN BURDA REDUCED THE TOTAL AMOUNT OF ELECTRICITY IT CONSUMES BY 13.3% TO 182,710 KWH IN 2017.





## DOĞAN ENERJİ OPERATES WITH AN ENVIRONMENTALLY-FRIENDLY APPROACH.

committed to eco-friendly principles in its business activities. For all its power plants, Doğan Enerji has obtained the official authorization certificates and documents stipulated by the Law on Forests No. 6831, Regulation on the Licenses and Permits Required by the Law on Forests; Environmental Law No. 2872, Regulation on Permits and Licenses Required by the Environmental Law; Regulation No. 29274 on Procedures and Principles Governing the Signing of Water Consumption Rights Agreements for Generating Power in the Electricity Market; and Regulation No. 29865 on Electricity Market Licenses.

**Şah WPP:** As part of efforts to reduce carbon emissions, the Gold Standard application process was completed at Şah Wind Power Plant (WPP), reducing 1,192,668 tons of CO<sub>2</sub> emissions in 2011-2017. Şah WPP also undertook other various environmental initiatives, such as planting 800 trees and providing vehicles, personnel and required materials to the Bursa Directorate of National Parks and Wildlife Protection. In addition, feedboxes were installed to provide food for birds during winter months, and food was placed in suitable locations for deer. Utmost attention is paid to protection of the natural environment since the turbines are located in a forest and wildlife area. Management is in constant interaction with the authorized bodies in running the operations and ensures the protection of nature in all the company's business activities. The company sponsored the preparation

of a 30-minute documentary of the Ministry of Forestry and Water Affairs project which monitored the effects of highways and road crossings on wildlife for two years. The project and the documentary were completed at the end of the year; the documentary was submitted to Ministry officials for broadcasting on national channels.

Quality certification in environmental activities was completed in 2015 and 2016, when Şah WPP received ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates. In addition, the power plant undergoes regular audits. Other quality certification efforts in pursuit of sustainability have allowed the plant to obtain ISO 9001 Quality Management System, ISO 10002 Customer Complaint Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

**Mersin WPP:** As part of efforts to reduce carbon emissions,, the Gold Standard application process was completed at Mersin Wind Power Plant (WPP), reducing 543,971 tons of CO<sub>2</sub> emissions in 2011-2017. Committed to improving the environmental conditions of the surrounding region, Mersin WPP planted saplings in various locations within the operating area. Since the power plant is situated in proximity to birds' migration routes, bird observation activities are organized every six months; the findings are reported to the relevant institutions. To avoid creating any disturbance for

## SUSTAINABLE GROWTH AND THE ENVIRONMENT

### ALL OF OUR POWER PLANTS HOLD ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM AND ISO 50001 ENERGY MANAGEMENT SYSTEM CERTIFICATIONS.

the nearby villages, noise levels are measured and reported as well. As part of additional capacity increase efforts, the company received a positive Environmental Impact Assessment (EIA) report and ensured that the necessary activities were done in such a way that they would not harm the environment. Company officials heard the complaints and recommendations of the locals at the Public Information Meetings held in neighboring villages during the EIA process. A great deal of effort is made to meet the environmental sensitivities and social needs of the villagers.

Quality certification in environmental activities was completed in 2015 and 2016, when Mersin WPP received ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates. In addition, the power plant undergoes regular audits. Other quality certification efforts in pursuit of sustainability have allowed the plant to obtain ISO 9001 Quality Management System, ISO 10002 Customer Complaint Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

**D-Tes <sup>(9)</sup>:** While engaging only in electricity sales and trading, D-Tes is also very sensitive and places a special emphasis on issues related to environmental protection and sustainability.

The electricity that Doğan Enerji sells from any of the power plants in its portfolio is harmless for the environment, clean, green and renewable. Having completed its quality certification efforts in 2016, D-Tes holds ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 10002 Customer

Complaints Management System, OHSAS 18001 Occupational Health and Safety Management System, and ISO 27001 Information Security Management System certificates. DOEL will continue to work to receive the same documents in 2018.

**Aslancık Elektrik:** Carbon emission validation at Aslancık HEPP is now complete, but the verification process is still underway. After the verification process is complete, 514,454 tons of CO<sub>2</sub> emission reduction is estimated to have been achieved at Aslancık HEPP between 2014 - 2017.

Environmental quality certification activities were completed in 2015 and 2016 when Aslancık HEPP received the ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates. Thanks to further quality certification efforts for sustainability purposes, the plant obtained the ISO 9001 Quality Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

**Boyabat Elektrik:** Under the VCS carbon verification efforts completed at Boyabat HEPP, 1,679,952 tons of net CO<sub>2</sub> emission reduction were achieved between 2012-2017.

Having completed its quality certification activities between 2014 and 2016, Boyabat Electricity received ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates for Boyabat HEPP. Thanks to further quality certification efforts for sustainability purposes, the plant obtained the ISO 9001 Quality Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certificates.

### AT OUR WIND POWER PLANTS (WEPP), REDUCED CARBON EMISSIONS WERE CERTIFIED WITH THE GOLD STANDARD'S QUALITY AND ASSURANCE PROJECTS ON THE ENVIRONMENT.

<sup>(9)</sup> D-Tes Elektrik Enerjisi Toptan Satış A.Ş. was dissolved on 28.12.2017 through merger with Galata Wind Enerji A.Ş. From September 2017 onwards, all commercial operations were transferred from D-Tes Elektrik Enerjisi Toptan Satış A.Ş. to DOEL Elektrik Enerjisi Toptan Satış A.Ş.



## Industry

### Çelik Halat

Çelik Halat meticulously complies with the Environmental Law and is working to ensure that its operations have the minimum possible negative impact on the environment. The environmental permit that is required pursuant to Environmental Law No. 2872 was obtained at the beginning of 2015.

Çelik Halat obtains the water it uses extensively in its business processes through two main sources: well water and recycled water. The company has installed the advanced purification system in order to use natural resources more efficiently and cut costs. Waste water produced in this process is discharged in a controlled manner into the ISU channel while water quality is also periodically audited by ISU. Water samples in all periodic checks came out positive, with all indicators matching the overall standard.

To that end, authorized independent firms carry out emission measurements to ensure that the air emissions generated by production processes are

kept within prescribed limits. Çelik Halat strictly complies with all applicable legislation on waste management and fulfilling all necessary requirements. In order to decrease the volume of waste resulting from its activities and ensure that well-functioning waste management systems are in place, Çelik Halat systematically undertakes the following efforts:

- Sewage sludge classified as non-hazardous is sent to licensed firms in safe waste containers and under suitable conditions.
- All packaging waste related activities are conducted in cooperation with the Environmental Protection and Packaging Waste Recovery and Recycling Foundation (ÇEVKO).
- Hazardous waste is stored in specially designed temporary containers in areas granted a temporary waste storage permit, and then sent to licensed disposal firms.
- Collection units for waste batteries are placed at company offices and specific locations in production areas. Batteries which were collected in these units are sent to organizations that are authorized by the Portable Battery Producers' and Importers' Association (TAP).
- Waste oil (after its beyond-use date has passed) is classified as hazardous waste in the 1<sup>st</sup> Category Waste Oil. Waste oil is either reused in the system or/and is sent to licensed recycling facilities.
- Assembly units for materials contaminated during the production process have been put in place. Materials collected from these areas are sent to licensed organizations.
- The collection of all waste in the facility, their classification in line with applicable legislation and their elimination are all undertaken in the most meticulous way possible.

Çelik Halat expends efforts to use energy and natural resources in the most efficient manner possible. To this end, use of electricity, natural gas and water are closely monitored while redundant use is prevented. Further, Çelik Halat makes continuous efforts on technical improvements to ensure the efficiency of its business processes.

**ÇELİK HALAT IS WORKING TO ENSURE THAT ITS OPERATIONS HAVE THE MINIMUM POSSIBLE NEGATIVE IMPACT ON THE ENVIRONMENT.**

## SUSTAINABLE GROWTH AND THE ENVIRONMENT

### IN 2017, ÇELİK HALAT INCREASED THE ELECTRICITY RECYCLED VIA ITS COGENERATION UNIT BY 30% OVER THE PRIOR YEAR TO 11,961 MWH.

Making sure that the company's approach to the environment is embraced by the management team and employees, Çelik Halat provides on-the-job training on environment management systems to newly hired operators and white-collar employees. Additionally, each employee is required to participate in "Environmental Awareness-Raising" training programs at least once a year.

On issues related to environmental regulations, Çelik Halat is supported by the authorized expert personnel of an environmental consultancy firm the company retains. This consulting firm is also responsible for regular internal audits at Çelik Halat.

The amount of water recycled by Çelik Halat fell by 30.2% to 69,614 m<sup>3</sup> in 2017, compared to the previous year. With correct planning and the revision of the production process, the total amount of water consumed dropped by 26.8% over the previous year to 80,649 m<sup>3</sup>. The total amount of electricity consumed by Çelik Halat rose 5.8% in 2017 to 29,393 MWh. Çelik Halat increased the electricity recycled by the cogeneration unit to 11,961 MWh in 2017, in a 30% increase over the previous year, and sent 17 tons of paper to recycling (15.1 tons in 2016).

#### Ditaş

Ditaş carries out its production processes with a strong sense of environmental sensitivity and conscientiously fulfills its obligations in this area. Ditaş, aiming to protect natural resources, recycled 15,120 m<sup>3</sup> water in 2017, totaling 92,423 m<sup>3</sup> of water over the last eight years. The amount of water consumed by Ditaş increased by 13.1% in 2017 to 56,889 m<sup>3</sup>. The ratio of recycled water to total consumption was 27% in 2017 (14% in 2016). In 2017, the total amount of electricity consumed by the company decreased by 3.5% over the prior year to 10,142 MWh.

In 2017, a total of 43,152 kg of paper, cardboard and plastic waste generated at the factory was sent to recycling companies, thus saving approximately 739 trees. With over 20 years of experience working with quality and environmental management certifications, Ditaş successfully passed its ISO/TS 16949: 2009 Quality Management Certificate audit in 2017 and extended its ISO certificate for three years. The process for converting the ISO Certificate into the IATF 16949: 2016 Quality Management Certificate is expected to commence after the audit in May 2018. Ditaş extended its existing ISO 14001: 2004 Environmental Management System Certificate in 2017, and qualified to receive the ISO 14001: 2015 Environmental Management System Certificate. The company also holds a FORD Q1 quality certification.

In 2016, Ditaş started to conduct its internal and external process audits in line with the German VDA 6.3 standard, and passed the audits successfully. In addition, Ditaş successfully passed MAN's VDA 6.3 audit and earned the right to become a global supplier of MAN in 2017.

In 2017, Ditaş commenced working in order to receive certification for the standards of the aviation and railway industries, which it intends to produce for. For the aviation sector, the company designed parts to be used in domestic helicopters and the first pieces designed were installed on a prototype.

### DITAŞ RECYCLED WATER VOLUME (THOUSAND M<sup>3</sup>)

# 15.1



## Tourism

### Milta Bodrum Marina

Milta Bodrum Marina is an international marina that has received the "Blue Flag" award every year since 1997 thanks to its high quality standards, modern infrastructure and in-demand services. Recipient of the "Five Gold Anchors" award presented by the European Union, Milta Bodrum Marina also won the "Turkey's Best Environmental Awareness and Training Activities Award" from TURÇEV (Foundation for Environmental Education). Milta Bodrum Marina recycled 12,582 m<sup>3</sup> of used water (amounting to 45% of its total water consumption) in 2017. In 2017, Milta Bodrum Marina reduced its total electricity consumption by 4% over the prior year, and sent 70 kg of waste paper to recycling.

The total waste including waste water, solid waste, bilge and mineral oil was 2,538 tons, while the total amount sent to disposal was 7.8 tons.



### Milta Işıl Club

In 2016, Milta Işıl Club once again received the prestigious "Blue Flag" award, an international indicator of environmental awareness with great significance in the tourism industry. The holiday resort also expanded the scope of its environment friendly practices with the use of solar energy, solar water heating systems and environmentally friendly cleaning materials. In 2017, Milta Işıl Club recycled 94.5% of its water consumption, amounting to a total of 36,000 m<sup>3</sup> and reduced water consumption by 3% during the year, down to 38,090 m<sup>3</sup>. Milta Işıl Club sent 1.16 tons of paper to recycling.

### Marina Vista

In 2016, Marina Vista added more collectors to its solar power system and started to employ a heating pump, thereby eliminating the consumption of diesel fuel. Marina Vista collects waste batteries in special containers and delivers these to the Association of Portable Battery Manufacturers (TAP) and environmental units of the municipality for proper disposal. The establishment uses LED and eco-friendly light bulbs in the hotel rooms and common areas.

Marina Vista delivered 65.50 kg of used batteries to municipal waste collection facilities in 2017. At Marina Vista, the total amount of water consumed was reduced by 17% over the previous year to 581 tons in 2017. Electricity consumption was 4% higher than the previous year, due to the rise of the occupancy rate.

**MILTA IŞIL CLUB CONTINUED TO RAISE THE BLUE FLAG, CONSIDERED TO BE A CLEAR SIGN OF ENVIRONMENTAL SENSITIVITY IN TOURISM, AT ITS FACILITIES IN 2017.**

# CORPORATE SOCIAL RESPONSIBILITY

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## AYDIN DOĞAN FOUNDATION CONTRIBUTES TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY.

Doğan Holding contributes to Turkey's journey of modernization with its mission of creating sustainable value. The Holding has designed its corporate social responsibility approach around the continuous value creation principle. For this mission, Doğan Holding not only expends efforts via Aydın Doğan Foundation but also establishes effective partnerships, thereby launching long-running social responsibility projects in education, culture and arts, health care and the environment. The Holding encourages its employees to participate in social responsibility projects and regularly increases the social benefit created by its social responsibility projects.

### AYDIN DOĞAN FOUNDATION

Aydın Doğan Foundation was established on April 15, 1996 to contribute to the economic and social development of Turkey. The Foundation provides support to education with the teaching facilities and dormitories it has built for young generations; it also encourages success in fields such as healthcare, culture, arts and sports through a number of national and international competitions.

Embodying Doğan Group's strong social awareness since its establishment, the Foundation enjoys a well-respected position in Turkey and abroad thanks to its constant presence and successful operations.

## AYDIN DOĞAN FOUNDATION ENJOYS A WELL-RESPECTED POSITION IN TURKEY AND ABROAD THANKS TO ITS CONSTANT PRESENCE AND SUCCESSFUL OPERATIONS

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### EDUCATION

Since its establishment, Aydın Doğan Foundation has launched many projects that have helped to enhance the quality of and improve conditions in the Turkish educational system. The educational and other facilities constructed by the Foundation and donated to the Ministry of National Education are listed below:

- Işıl Sema Doğan Elementary School, Gümüşhane
- Atatürk University Aydın Doğan Private Elementary School, Erzurum
- Yaşar and İrfani Doğan Vocational and Technical High School, Gümüşhane
- Aydın Doğan Fine Arts High School, Istanbul
- Erzincan Social Sciences High School, Erzincan
- Hürriyet Vocational and Technical Anatolian High School, Erzincan
- Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School for Communications
- Bağcılar Aydın Doğan Vocational and Technical Anatolian High School for Health
- Gümüşhane University Kelkit Aydın Doğan Vocational School, Gümüşhane
- Galatasaray University Aydın Doğan Auditorium, Istanbul
- TEGV Sema and Aydın Doğan Educational Park, Istanbul
- Sema Doğan Park, Gümüşhane
- Aydın Doğan Center for Science and Arts, Afyon
- Aydın Doğan Sports Complex, Gümüşhane
- Nene Hatun High School Aydın Doğan Dormitory for Girls, Erzurum
- Erzincan University Aydın Doğan Dormitory for Girls, Erzincan



- Hacı Hüsrev Doğan Dormitory for Girls, Kelkit-Gümüşhane
- Aydın Doğan Dormitory for Girls, Şiran-Gümüşhane
- Aydın Doğan Dormitory for Girls, Kürtün-Gümüşhane
- Aydın Doğan Dormitory for Girls, Köse-Gümüşhane

### Kelkit Aydın Doğan Vocational High School in Kelkit

Kelkit Aydın Doğan Vocational School, which is a part of Gümüşhane University, opened its doors with 90 students on September 28, 2003. Two hundred and ten students graduated from the Vocational School during the 2016-2017 academic year. The associate programs at Kelkit Aydın Doğan Vocational School include: Computer Technologies, Electricity and Energy, Accounting and Taxation, Transportation Services and Veterinary Medicine. To further improve the school's English language quality, the Foundation once again provided students with foreign language training support during the 2017 academic year. Students also have the chance to join internship programs at organic farms.

### Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School (Communications)

Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School was built by Aydın Doğan Foundation 19 years ago, and was donated to the Ministry of National Education. Specializing in journalism, radio and TV broadcasting, graphic design and photography, Bahçelievler Aydın Doğan Vocational and Technical Anatolian High School held its 16<sup>th</sup> graduation ceremony in 2017. The High School was once again one of the most preferred educational institutions in its field, accepting students with the highest scores. The school graduated 132 students in 2017. To boost student motivation, at the end of each academic year, the Foundation gives various awards to the graduates. Aiming to further improve the school's English language quality, the Foundation once again provided students with foreign language training support during the academic year.

During the year, the necessary support for technical work, cleaning and security services within the school was provided by Aydın Doğan Foundation.

**SINCE ITS ESTABLISHMENT,  
AYDIN DOĞAN FOUNDATION HAS  
LAUNCHED MANY PROJECTS  
THAT HAVE HELPED TO ENHANCE  
THE QUALITY OF AND IMPROVE  
CONDITIONS IN THE TURKISH  
EDUCATIONAL SYSTEM.**



### **BAĞCILAR AYDIN DOĞAN VOCATIONAL AND TECHNICAL ANATOLIAN HIGH SCHOOL FOR HEALTH HAS A CAPACITY OF 940 STUDENTS, AND TRAINS EMERGENCY MEDICAL TECHNICIANS, ANESTHESIA TECHNICIANS, NURSES, AND HEALTH CARE SERVICES PERSONNEL.**

#### **Bağcılar Aydın Doğan Vocational and Technical Anatolian High School for Health**

Inaugurated on April 24, 2013 by the Minister of National Education Prof. Nabi Avcı, Bağcılar Aydın Doğan Vocational and Technical Anatolian High School represents a significant step forward in training the healthcare personnel of the future. Boasting modern classrooms, an advanced technology infrastructure in addition to social and educational spaces that meet every need, the High School fulfills all requirements to provide a state-of-the-art educational experience.

Bağcılar Aydın Doğan Vocational and Technical Anatolian High School for Health has a capacity of 940 students, and trains emergency medical technicians, anesthesia technicians, nurses, and health care services personnel. The school includes 24 classrooms, laboratories, an enclosed gym, an information technology classroom, a library and a multi-purpose hall with a 140-student capacity.

In an effort to boost student motivation, at the end of each academic year, the Foundation gives various awards to all the graduates. To ensure the English language skills of the students at Bağcılar Aydın Doğan Vocational and Technical Anatolian High School that 244 students were graduated this year are top notch, Aydın Doğan Foundation provided the school with foreign language support during the 2017 academic year.

During the year, the necessary support for technical work, cleaning and security services within the school was provided by Aydın Doğan Foundation.

#### **Ataşehir Aydın Doğan Fine Arts High School**

Initially founded as Aydın Doğan Elementary School in 2005, the school was transformed into Aydın Doğan Fine

Arts High School for the 2015-2016 academic year. This transformation resulted as the number of students changed after the transition to the so-called 4+4+4 national education system. Upon a protocol signed between Aydın Doğan Foundation and the Governorship of İstanbul, Ataşehir Aydın Doğan Fine Arts High School started providing education with the status of a "Project School." The school building, originally constructed for an elementary school setting, was completely renovated. The school was transformed into a fine arts high school by Aydın Doğan Foundation according to an architectural project donated by architect Nevzat Sayın. As such, the school was streamlined for fine arts education. Ataşehir Aydın Doğan Fine Arts High School held its official inauguration ceremony on December 5, 2016.

Some 253 students received education at Aydın Doğan Fine Arts High School in the 2016-2017 academic year and 62 students graduated from the school.

During the year, the necessary support for technical work, cleaning and security services within the school was provided by Aydın Doğan Foundation.

Actively engaged in European Union projects and sister school programs, Aydın Doğan Fine Arts High School also collaborates with Mimar Sinan University, Faculty of Fine Arts and Aydın Doğan Foundation to execute other projects at both the national and international levels.

#### **Erzincan High School Aydın Doğan Conference Hall and Student Center**

Keen on supporting activities that raise society's education and culture level since its inception, Aydın Doğan Foundation sponsored the construction of a conference hall at Erzincan High School, where its Founder and Honorary Chairman Aydın Doğan





Gümüşhane Işıl Sema Doğan Primary School

graduated from, in order to meet a variety of needs. Designed to enhance the school's social and cultural activities and to create a more efficient learning environment for the students, Aydın Doğan Conference Hall and Student Center, which can host up to 350 people, opened its doors at an inaugural ceremony on October 25, 2017. The event was attended by the Vice Minister of National Education Orhan Erdem, Erzincan Governor Ali Arslantaş, Aydın Doğan Foundation's Chairwoman Hanzade Doğan Boyner, Aydın Doğan Foundation's Board Members as well as executives and columnists from Hürriyet and Posta newspapers.

## Gümüşhane Işıl Sema Doğan Primary School

Located in the center of Gümüşhane, Işıl Sema Doğan Primary School was built by Aydın Doğan in 1994 and dedicated to his wife Işıl Sema Doğan. The school was handed over to the Ministry of National Education by Aydın Doğan Foundation, and opened its doors on September 9, 1994 with a ceremony attended by the then-president Süleyman Demirel, Minister of National Education Nevzat Ayaz, Aydın Doğan and Işıl Sema Doğan. Işıl Sema Doğan Primary School became one of the top schools of the province with its successful initiatives, and continued to receive support from Aydın Doğan

Foundation in 2017. Twenty tablets were acquired to help students learn English, a computer lab was set up for technology education, and several modifications were made to the school to make it a student-friendly building.

## Educated Girls for a Brighter Future

The factors that keep Turkey from achieving full gender equality are varied and interconnected. The daily problems women face in their families, social lives, in education, their professional lives, and in politics are closely related to the fact that equality between men and women is simply not accepted and embraced by different segments of society. Against this backdrop, women need to receive high quality education starting from a young age, so that they can freely and individually realize their potential and aspirations as active individuals in the family, social, professional and political spheres. High quality education is also key for Turkey's women to feel empowered to struggle against gender inequality.

To ensure a brighter future for our country, Aydın Doğan Foundation believes that girls should be given equal educational opportunities as boys. With

this conviction, the Foundation supports girls on their educational path and tries to lift the obstacles they may face.

## Dormitories for Girls

In 2017, Aydın Doğan Foundation continued to provide support to the girls' dormitories built under the "Daddy, Send Me to School" initiative – an effort that generated much positive public attention. Post-construction, these dormitories were donated to the Ministry of National Education. Dormitories established under this initiative include Nene Hatun High School Aydın Doğan Dormitory for Girls (Erzurum); Aydın Doğan Dormitory for Girls (Erzincan); Hacı Hüsrev Doğan Dormitory for Girls (Kelkit); Aydın Doğan Dormitory for Girls (Kürtün); Aydın Doğan Dormitory for Girls (Köse); and Aydın Doğan Dormitory for Girls (Şiran).

### a. Success Takes Me to Istanbul Program

On May 16-20, 2017, 39 students residing in 12 dormitories built by Aydın Doğan Foundation under the "Daddy, Send Me to School" campaign who ranked in the top three of their classes were taken on a trip to Istanbul with their teachers. The trip aimed to reward their academic achievements and support their social and cultural advancement. During the Success Takes Me to Istanbul Program, students had the chance to visit the city's historical and tourist sites as well as universities.

## AYDIN DOĞAN FOUNDATION WORKS TO ENSURE THAT FEMALE STUDENTS BECOME SELF-RELIANT, WELL-INFORMED, OPEN-MINDED AND SUCCESSFUL ADULTS IN THE FUTURE.

### **b. Girls' Dormitories Project Support Fund**

In response to numerous requests, Aydın Doğan Foundation established a support fund for the use of the girls' dormitory managers, teachers, personnel and students. The support fund aims to enhance the living standards of girls staying at dormitories built under the "Daddy, Send Me To School" campaign, and to help them become empowered individuals who contribute to social advancement. Fifteen project applications came from the Daddy, Send Me to School dormitories and Aydın Doğan Foundation Girls' Dormitories Support Fund was shared among nine projects. The projects chosen were implemented between February 15 and May 30, 2017. Under the Project Support Fund, social rooms and sports halls were created within the dormitories, trips were organized, volunteer activities were held, chorus work was organized, a photo exhibition was opened, and nine projects were implemented to contribute to the children's lives.

### **c. Youth Workshop Prior to the UN's International Day of the Girl Child Conference**

The workshop "Empowered Girls, Empowered Future: Leaders of Social Change in the 21<sup>st</sup> Century" was held on October 6-10, 2017 by Aydın Doğan Foundation and UNICEF, with the participation of 12 students from Daddy, Send Me to School dormitories, Aydın Doğan Vocational High School for Communications, and Robert College. After the 3-day youth workshop, the students shared their presentation on October 11, at the International Day of the Girl Child Conference. Students participating in the youth workshop were taken on an Istanbul trip by Aydın Doğan Foundation.

### **d. Other Contributions**

To support girls residing in "Daddy, Send Me to School" dormitories, the Foundation delivered free-of-charge exam preparation books to the dormitory residents for their university entrance exams.

Aydın Doğan Foundation sponsors the establishment of fire warning systems in dormitories and the enhancement of existing systems, and renewed the fire escape of Şiran Aydın Doğan Girls' Dormitory in 2017 within this effort. The volleyball team consisting of Şiran Aydın Doğan Girls Dormitory students and supported by Aydın Doğan Foundation won the volleyball tournament of the province.

### **Education Scholarship and Mentorship Program for University Students**

Aydın Doğan Foundation initiated a scholarship program in 2015-2016 to support the education of girls who are successful but who demonstrate financial need. The Foundation started to provide scholarships to girls enrolled at Boğaziçi University, Faculty of Engineering who ranked in the top 101 to 500 in the university entrance examination and girls enrolled at Istanbul University, Faculty of Law who ranked in the top 1,000 in the university entrance examination. In addition, girls who resided at "Daddy, Send Me to School" dormitories during high school and whose university entrance exam scores allowed them to enter an undergraduate program in a state university were also provided scholarship opportunities. The Foundation carried out the necessary assessments to identify the girls who qualify for educational scholarships in the 2017-2018 academic year. The Foundation gave scholarship to 105 students under this effort.

### **a. Mentorship Program**

In addition to education scholarship support, the Foundation also launched a mentorship program to foster students' professional and individual development. This effort aims to ensure that the scholarship students become sophisticated, open-minded and successful adults who are capable of standing on their own feet.

Under the program, which Doğan Group executives contribute to as mentors, students and executives come together at regular intervals. After the announcement made to Doğan Group executives about the Mentorship Program, a large number of executives volunteered for mentorship support and thus it was decided to organize two days of training on February 3 and 10, 2017. After the training program for students, a mentee/mentor meeting was held on March 10, 2017.

### **b. Young Leaders Summer Camp**

This year, in order to support the preparation of female university students for professional life and to help them become the strong leaders of the future, Aydın Doğan Foundation organized the Young Leaders Summer Camp on July 9-15, 2017. For six days, the youth participating in the camp had a chance to attend various artistic and sports activities, starting the day with yoga.

At the camp, there were various workshops such as 'Leadership' where the students discovered their strengths and weaknesses and discussed methods for dealing with problems; 'Project Development' which focused on gender equality in Turkey; and 'Personal Development' which centered on the various topics demanded by the youth. For successful girls, trainings were organized for elocution/speech, entrepreneurship, effective use of digital tools, effective communication, presentation techniques, handicraft and percussion.



**THE INTERNATIONAL CONFERENCE  
HELD ON OCTOBER 11 FOCUSED ON  
EMPOWERING GIRLS, ERADICATING  
THE BARRIERS THEY FACE, AND  
ENSURING THAT THEY CAN FULLY  
EXERCISE THEIR HUMAN RIGHTS.**

#### **c. "You Can Do It, Too!" Project**

University students who joined the summer camp devised a project named "You Can Do It, Too!" to support their younger friends. University students arrived at the Gümüşhane Şiran Aydın Doğan Girls' Dormitory to contact high school students staying there, carried out joint activities with them and became their role models to boost their educational motivation. The team members executed their first visit on October 27-29, and will perform their second visit in April 2018.

#### **International Day of the Girl Child Conference**

The international conference held on October 11 – declared International Day of the Girl Child by the United Nations – focused on empowering girls, eradicating the barriers they face, and ensuring that they can fully exercise their human rights.

The third edition of the International UN Women Conference was organized on October 11, 2017 around the theme "Empowered Girls, Empowered Future: Girls as Social Change Agents in the 21<sup>st</sup> Century" by Aydın Doğan

Foundation with the collaboration of UNICEF and UNFPA. Organized to draw attention to the importance of gender equality and education, the International Day of the Girl Child Conference became an important platform for debate on the issue of girls' empowerment, thanks to the participation of speakers from Turkey and around the world. The opening speech of the International Day of the Girl Child Conference was delivered by Aydın Doğan Foundation's Chairwoman Hanzade Doğan Boyner. The keynote speaker of the conference was Nisreen El-Hashemite, Royal Academy of Science Board Member, who received numerous awards for her efforts in the fields of science, arts, literature and human relations and who has a PhD in Human Genetics. UNICEF Turkey Vice Representative Nona Zicherman, UNFPA Turkey Representative and Azerbaijan and Georgia Country Director Karl Kulesa, and UN Women Country Program Director Fulya Vekiloğlu also contributed to the conference with their speeches. Other luminaries who contributed to various sessions around the theme "Empowered Girls, Empowered Future: Girls as Social

### AYDIN DOĞAN FOUNDATION ORGANIZES THE YOUNG COMMUNICATORS COMPETITION EACH YEAR FOR STUDENTS IN UNIVERSITY COMMUNICATIONS DEPARTMENTS TO ENCOURAGE CONTINUOUS DEVELOPMENT FROM AMONG PROSPECTIVE MEDIA EMPLOYEES AND TO INCREASE THE NUMBER OF QUALIFIED PROFESSIONALS IN THE INDUSTRY.

Change Agents in the 21<sup>st</sup> Century” were the economist, women’s right advocate and social entrepreneur Shruthi Kapoor, who founded Sayfty in India in order to train and empower girls and women against all kinds of violence; Prof. Yıldız Ecevit, a retired member of METU Department of Sociology, Chair of Gender and Women’s Studies; Dr. Nayla Fahed, the pioneer of the Alternative Learning Initiative in Lebanon; the engineer Canan Dağdeviren who was listed in the Forbes Magazine’s 30 Under 30 scientists list; Müjde Esin, founder of the KızCode Platform which gives training on coding and algorithms; chess master Judit Polgar; İnci Kadribeğic, a medical student who engages in stem cell research; and Ravda Nur Cuma, who established a namesake foundation to uphold the youth’s right to education. National and international news coverage of the conference reached about 20 million people, thereby making an important contribution to raising awareness on the issue.

#### **Gender-Based Achievement Difference Studies in Light of PISA and TIMSS 2015 Findings**

Aydın Doğan Foundation and Education Reform Initiative (ERG) conducted joint research entitled “Gender-Based Achievement Difference Studies” based on PISA 2015 and TIMSS 2015 data in order to analyze the gender-based achievement difference of students in Turkey, in a comprehensive and up-to-date analyses. Later on, separate reports analyzing the effects of different factors on success for girls and boys were published in Turkish and English. A flyer summarizing the reports was distributed to the participants at the International Day of the Girl Child Conference.

#### **Supporting Malatya Women’s Football Club**

Malatya Girls’ Football Team attended the International Day of the Girl Child Conference on October 8, 2015 to demonstrate to participants that sports is an effective way to overcome obstacles facing girls’ pursuit of education. At the conference, the team members explained how sports and football allow them to continue their education, impressing everyone participating in the conference. During the event, as the girls shared their passion for football as well as some challenges they face, Aydın Doğan Foundation decided to support the club. Scholarships were provided by the Foundation to the girls who study at universities and financial support was offered to the team. The club completed the 2017 season as the league champion.

### YOUNG COMMUNICATORS COMPETITION

Aydın Doğan Foundation organizes the Young Communicators Competition, each year for students in universities faculty of communication to encourage continuous development from among prospective media employees and to increase the number of qualified professionals in the industry.

A total of 1,087 students from 42 universities participated in the 29<sup>th</sup> edition of the Young Communicators Competition with 917 projects in the categories of publishing, broadcasting, advertising, public relations and online media in 2017. The Selection Committee presented awards to 102 students and 59 projects. In 2017, the ceremony was held at Kadir Has University, Cibali Campus.

### YOUNG COMMUNICATORS COMPETITION PARTICIPANTS

# 1,087



## IN 2017, 641 ARTISTS FROM 63 COUNTRIES PARTICIPATED IN THE AYDIN DOĞAN INTERNATIONAL CARTOON COMPETITION WITH 2,220 CARTOONS.

### THE AYDIN DOĞAN AWARD

Every year, Aydın Doğan Foundation rewards individuals or groups who have made significant contributions to the country, the world and humanity and who have reached great achievements in different fields, such as culture, the arts, literature and science.

Aydın Doğan Foundation Board of Directors unanimously decided to give the Aydın Doğan Award 2017 to Neş'e Erdok, who figures among the pioneers of Turkish contemporary art, with the figurative language of her paintings, her contributions to raising new generations of artists and the development of arts education in Turkey in both theoretical and practical terms.

Aydın Doğan Award was presented to Neş'e Erdok by Aydın Doğan Foundation's Founder and Honorary Chairman Aydın Doğan on May 9, 2017 at the ceremony held at İstanbul Hilton Hotel.

### THE CARTOON COMPETITION

#### Aydın Doğan International Cartoon Competition

The Aydın Doğan International Cartoon Competition is widely considered to be one of the most prestigious competitions of its kind in the world. In 2017, 641 artists from 63 countries participated in the event with 2,220 cartoons. As a result of the assessments of the competition's Selection Committee, Ross Thomson from the UK ranked first, Shahram Rezaei from Iran came in second and Raimundo Rucke Santos Souza from Brazil ranked third.

In all its activities, Aydın Doğan Foundation places a special emphasis on girls' development, female empowerment and gender equality. In 2017, a special award entitled "Empowered Girls, Empowered Future" was granted under the cartoon competition and Turkish artist Fethi Gürcan Mermertaş was deemed worthy of this award with his pertinent cartoon.

Aydın Doğan International Cartoon Competition was free of any subject matter limitations in its 34<sup>th</sup> edition, and drew the participation of professional and amateur artists from across the world. Since its inception, the organization has welcomed around 85 thousand cartoons by 7,800 artists hailing from 137 countries.

#### Exhibitions

In 2017, as in every year of the Aydın Doğan International Cartoon Competition, award-winning cartoons together with shortlisted entries were presented to art lovers at exhibitions in Adana, Balıkesir, Eskişehir, İstanbul and Muğla. In addition, a selection of cartoons around the theme "Empowered Girls, Empowered Future," chosen from among the 85 thousand cartoons in Aydın Doğan Foundation's cartoon collection, was exhibited in İstanbul.



34<sup>th</sup> Aydın Doğan International Cartoon Competition First Prize  
Ross Thomson/The UK



### OTHER ACTIVITIES

#### Education Reform Initiative (ERI)

Abiding by the slogan “Quality education for all,” Aydın Doğan Foundation supports numerous projects that are designed to improve the conditions of educational instruction and uphold equality of opportunities in Turkey. With this approach, the Foundation collaborates with other leading foundations in Turkey to support the Education Reform Initiative (ERI).

#### Teachers' Network

Supported by Aydın Doğan Foundation and coordinated by the Education Reform Initiative, Teachers' Network aims to create a continuous interactive environment where teachers can achieve change and transformation, in order to improve education quality and student success in Turkey. With a view to empowering teachers, Teachers' Network offers them resources and peer solidarity opportunities, and strives to become a platform for popularizing the teachers' classroom solutions and success stories.

The foundations of Teachers' Network were laid with the change theory formulated as a result of the Teachers'

Survey conducted jointly by Vehbi Koç Foundation, Workshop and Education Reform Initiative. Teachers' Network is supported by seven prominent Turkish foundations, namely Aydın Doğan Foundation, Open Society Foundation, Mother & Children Education Foundation, Enka Foundation, Mehmet Zorlu Foundation, Sabancı Foundation and Vehbi Koç Foundation.

#### Village Schools Change Network (KODA)'s Children's Workshops at Village Schools and Teacher Meetups

The association Village Schools Change Network (KODA) was founded on the belief that although village schools generally make it to the public agenda for their impoverished conditions, these institutions indeed harbor opportunities for the education in our dreams. KODA conducts various efforts to help realize a holistic and high quality education program at village schools in the Turkish countryside, suitable with the conditions on the ground. Aydın Doğan Foundation sponsored KODA's Children's Workshops and Teacher Meetups organized in October-December 2017, in Muş-Central District (Bilek, Sudurağı, Nadaslık), Sivas-Gürün (Yazyurdu) and İstanbul-Beykoz (Örnekköy).

**ABIDING BY THE MOTTO "QUALITY EDUCATION FOR ALL," AYDIN DOĞAN FOUNDATION SUPPORTS NUMEROUS PROJECTS TO PROMOTE QUALITY AND EQUALITY OF OPPORTUNITY IN EDUCATION.**

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## The Third Sector Foundation of Turkey

The Third Sector Foundation of Turkey (TÜSEV) was established in 1993 by 23 NGOs, including Aydın Doğan Foundation, to develop the legal, fiscal and operational infrastructure of the third (non-profit) sector. As a founder and board member of TÜSEV, Aydın Doğan Foundation is an active supporter of the organization and its activities. More than 100 members of the Board of Trustees are undertaking activities to promote civil society initiatives in Turkey.

In addition, Aydın Doğan Foundation hosted a meeting of TÜSEV-member foundations at the Istanbul Hilton Hotel on March 20, 2017, attended by the General Director of Foundations Adnan Ertem.

## Gümüşhane Sema Doğan Park

Established to develop cultural and social life in Gümüşhane, Sema Doğan Park was inaugurated on July 24, 2008 with the contributions of Aydın Doğan Foundation. Designed as a recreational area that can host a range of activities, the park features a picnic area, children's playground, basketball field and tennis court. The open area includes an amphitheater, which can host movie screenings, theater performances and shows. An enclosed hall on the grounds can accommodate receptions, concerts, conferences and other cultural activities.

**SEMA DOĞAN PARK WAS  
ESTABLISHED TO DEVELOP  
CULTURAL AND SOCIAL LIFE IN  
GÜMÜŞHANE.**



# SOCIAL RESPONSIBILITY OF GROUP COMPANIES AND ACTIVITIES

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## MEDIA

### Projects Making a Difference by Hürriyet

Blending its deep-rooted and vast experience with the dynamism of the sector and advertisers, Hürriyet organizes innovative and exciting events for the media sector.

In 2017, Hürriyet maintained an integrated communication approach to event management and organization, and accordingly established business partnerships with many major national and international brands in different projects.

Pantene's Golden Butterfly Night, Sign of the City Awards, The Red Rewards, The Sports Arena Night, Turkey Finance Forum, Empowered Women Conference, İncili Gastronomy Guide launch night and Bright Minds club meetings were some of the events organized with such a perspective.

Other events organized in 2017 included the following:

- "Emerging Regions Summit" activities, initiated by Hürriyet in 2016 in order to encourage excellence in the real estate sector and to provide solutions to various problems, continued in 2017 at seven different locations.
- "Economy Summits" were organized in three cities and "Organized Industrial Zones Summits" were organized in two cities for real estate investors, where they discussed why to invest in their cities and how to improve the economic conditions there.

- "Explore with Hürriyet" activities were organized in order to reinvigorate tourism, and to help individuals learn about the local history, cultural heritage, gastronomy and peoples of the provinces visited. Activities were held in 2016 in Aydın, Mersin, Gaziantep and Hatay and in 2017 in Edirne, İzmir, Kıbrıs and Kayseri, with the participation of tour agencies, Hürriyet columnists and executives.
- The Hürriyet Seyahat brand participated in the fair "Travel Turkey" to showcase the "Explore with Hürriyet" projects, which make a significant contribution to the tourism sector.
- This year as in previous years, Hürriyet participated in Turkey's most important business and economy meeting, "Uludağ Business Summit."
- Hürriyet İK&Yeni Ekonomi newspaper participated in Turkey's largest HR events "Human Resources Summit" and "PERYÖN Human Management Congress" to contribute to the sector.
- Sector meetings (tourism agencies, automotives, retail, among others.) continued.
- The "Final Seller Award Ceremony" was organized to reward the Yaysat dealers who have been serving Hürriyet for many years.





## CNN Türk's Broadcasting Projects

### Turkey's only environmental protection program "Green Nature" on CNN Türk

The "Green Nature" program, produced and presented by Güven İslamoğlu, creates awareness about the protection of nature. The program launched on World Environment Day, June 5, 2010; since that time, it has aired every Sunday on CNN Türk. The program helps viewers rediscover Turkey's nature, people, culture and history. In this journey of discovery, the program also explores natural life under threat of extinction. The program focuses on the protection of wildlife, contributes to the formulation of solutions, values social compromise and raises awareness on the issue. Thanks to the cooperation between the "Green Nature" program and the United Nations Environment Fund, four TV programs with a focus on wildlife protection were produced and broadcast.

"Flash mob" practices were organized at shopping malls, on passenger ships and at beach locations with the participation of hundreds of environmental volunteers, helping to attract more attention to the importance of recycling. In addition to producing the "Green Nature" program, Güven İslamoğlu also conducts seminars on the natural environment at primary schools, high schools, universities, civil society organizations and public institutions to raise social awareness on the issue. The public service ads presented by Güven İslamoğlu every week day as part of CNN Türk's "Don't Stand By" TV stream also aim to raise environmental awareness.

"Green Nature" has received numerous prestigious awards, including the "European Solar 2011" award, regarded as Europe's "Nobel Prize" in the field of the environment and presented to an organization in Turkey for the first time; the first edition of the "Respect for Wetlands Award" from the Ministry of Environment and Forestry; the "Best TV Documentary Award" from WWF; "The Best News Story – Program Award" from the Association of Turkish Journalists; and the "Oktay Ekinci Press Award" from TMMOB (Union of Chambers of Turkish Engineers and Architects).

**THE "GREEN NATURE" PROGRAM  
FOCUSES ON THE PROTECTION  
OF WILDLIFE, CONTRIBUTES  
TO THE FORMULATION OF  
SOLUTIONS, VALUES SOCIAL  
COMPROMISE AND RAISES  
AWARENESS ON THE ISSUE.**

# SOCIAL RESPONSIBILITY OF GROUP COMPANIES AND ACTIVITIES

## CNN TÜRK RECEIVED NUMEROUS AWARDS IN 2017 FOR ITS RESPONSIBLE BROADCASTING PERSPECTIVE.

### Awards

CNN Türk received numerous awards in 2017 for its responsible broadcasting perspective. At the "Democracy and the Media" award ceremony held in February 2017 by Radio and Television Broadcasters' Union (RATEM), Hande Fırat and CNN Türk were granted the "Democracy and the Media" award. The awards were presented to Hande Fırat and CNN Türk's News Coordinator Ali Güven by Prime Minister Binali Yıldırım. Also, the CNN Türk program Parametre received awards at the MÜSİAD Economy Press Achievements Award Ceremony and RTGD Media Oscars Award Ceremony in 2017.

At the sixth Medical Students Symposium organized by Galatasaray and Yeditepe University, "The Best of the Year Awards" and Hürriyet Newspaper Golden Butterfly awards, Cüneyt Özdemir's 5N1K program received an award in the "Best TV Program" category.

At Turkey Journalists' Association (TGC)'s Turkish Journalism Achievement Awards, organized since 1959, Ahmet Akpolat was granted an award for his footage broadcast on CNN Türk of the "Raid on CNN Türk" dated July 16, 2016 in the category of "TV Camera Work." Ahmet Akpolat's award was presented by Turkey Journalists' Association's Board Member Göksel Göksu. CNN Türk cameraman Ahmet Akpolat also received the "July 15 Professional Honor Awards" at the 22<sup>nd</sup> Zoom International News Footage Competition. The TGC Nezih Demirkent Special Award went to Emin Çapa for employing comprehensible language, presenting an unbiased perspective and providing realistic analyses in his economy programs on CNN Türk.

### Doğan Burda Magazine's Activities

Doğan Burda Magazine continued to execute its social responsibilities by means of its publications in 2017. Throughout the year, Doğan Burda not only developed original projects in culture, art, history, nature, the environment and health but also supported existing projects in these areas. The following projects were conducted to this end:

**Yeşil:** Elle Magazine published its June 2017 issue as a "green issue." This issue focused on topics such as sustainability, environment, nature and fashion.

**Turkey's "Rich in Heart":** Realized for the first time in Turkey by Capital magazine, the survey "Rich in Heart" lists businesspersons who make significant donations for philanthropic purposes. The fifth edition of the survey was conducted in 2017.

Based on business people's donations in the year 2016, the survey fulfills a crucial mission by encouraging companies and individuals to make donations.

### Social Responsibility Leaders:

Companies implement social responsibility projects raising the awareness of the wider masses, which help maintain their communication with consumers and "touch" upon their lives. Capital magazine conducted in 2017 a "Corporate Social Responsibility" survey, which highlighted Turkey's social responsibility leaders. As such, Capital underscored the importance of social responsibility with the "Social Responsibility Leaders" survey published in March 2017.



CNN Türk received the "Democracy and Media Award" at the "Democracy and Media" awards ceremony held by the Radio and Television Broadcasters' Union (RATEM).

**Women-Friendly Companies:** In 2017 as well, Capital magazine organized the "Turkey's Women-Friendly Companies" survey in order to draw attention to the importance of women's participation in business life and to promote women's employment. The top ranking companies were presented awards at a ceremony.

#### **Support to the Business Community and Entrepreneurship:**

Capital's "Most Popular Companies" and "Capital 500" and Ekonomist magazine with "Women Entrepreneurs," and "Business People of the Year" continued to give their support to the business world and entrepreneurship. As part of the Women Entrepreneurs project, awards were presented to "Turkey's Woman Entrepreneur," "Promising Women Entrepreneur" and "Women Entrepreneurs Making a Difference in their Community."

The competition "Turkey's Woman Entrepreneur" has revealed that exemplary success stories are increasing in number.

**School Activities:** Popular Science magazine continued its panel discussions and talks in universities in 2017. Panel discussions were held at Yıldız Technical University's Beşiktaş and Davutpaşa campuses. The panel discussion at Anadolu University was particularly pleasant and drew a large crowd.

**Culture and Arts:** Doğan Burda magazines such as İstanbul Life, Tempo, Ekonomist, Evim, Atlas and Maison Française provided media sponsorship to İKSV; while Elle, İstanbul Life, Ekonomist and Hello magazines also extended media sponsorship to the Contemporary İstanbul art fair, with a view towards raising cultural awareness across the country. To this end, the festivals, concerts, exhibitions, film screenings and talks organized by these institutions were covered by our media outlets.

**Value to Humans:** Doğan Burda magazines Elele, Lezzet, Formsante, Burda, Diabetic Living and Ekonomist provided coverage for LÖSEV, which started a campaign to establish Turkey's best-equipped oncology hospital; TEGV and TEV which campaign for to quality education for primary school children; "Spastic Children's Foundation of Turkey" which strives to ensure special lifelong education and rehabilitation support to children with cerebral palsy; and the Turkish Cancer Society's breast cancer awareness project.

## **Activities**

- Doğan Burda Magazine Group organized numerous activities in 2017 to reach out to its readers.
- Atlas Magazine continued to hold talks with its readers in 2017. Various outdoor excursions and launch events with automobile companies were organized.
- Celebrating its 25<sup>th</sup> year, Auto Show magazine came together with its readers at various events in 2017.
- Capital and Ekonomist magazines brought together business professionals at over 30 events held throughout 2017. Now traditional surveys, competitions and award ceremonies such as Capital magazine's "Women-Friendly Companies," "Most Popular Companies," "Capital 500" and Ekonomist magazine's Women Entrepreneurs, Business People of the Year and Anatolia 500 drew ample attention as always. The Anatolia Brands, Real Estate Stars and Fast Retail surveys and award ceremonies, jointly organized by Capital and Ekonomist, highlighted the most successful companies in various sectors.
- Elle Magazine initiated numerous new projects and activities set to become brands in their own rights in 2017. The magazine took part in various launch events and parties, and also kickstarted the brand new Elle Edit Art of Shopping, designed to blaze a trail in the fields of



# SOCIAL RESPONSIBILITY OF GROUP COMPANIES AND ACTIVITIES

fashion, interior design, style, beauty and weddings. During two days, Elle Edit Art of Shopping brought together special designers and select brands with the pop-up store concept to offer participants style consultancy and pleasant networking opportunities.

- The voice of healthy, active and natural living, Formsanté magazine hosted its guests at the now traditional Formsanté Weekend on October 7-8 at Güral Sapanca. Artists, doctors, journalists and bloggers attended the event, which featured various activities and workshops throughout the weekend.
- Pozitif Magazine organized an interactive meetup on personal development featuring Aret Vartanyan and the brand Ariş.
- Istanbul Life magazine continued to organize urban events together with sponsor companies in 2017.
- Prominent names from the press, celebrities and business community came together on February 20 for a Suzuki launch and on May 22 for a Honda launch. Guests bid farewell to 2017 at the New Year's Eve party in Piyalepaşa.
- Maison Française continued to support design-related projects and exhibitions in 2017.
- HELLO! magazine organized many activities in 2017, bringing together celebrities and prominent figures of the fashion and art communities in various talks, dinners and parties.

## RETAIL

### Difference Making Projects from D&R

D&R realized difference making projects in the field of corporate social responsibility in 2017 as well. These projects included the following:

**Books for All Foundation:** As part of D&R's social responsibility project with the Books for All Foundation, book-collecting boxes called "Kitapcan Kumbaraları" were placed in 23 stores. The books donated by customers to these boxes were collected by the Books for All Foundation, then classified and delivered to children, schools and institutions which need them. Furthermore, Kitapcan Gift Cards worth TL 50 were put on sale at D&R stores.

**Nil Karaibrahimgil 2018 Calendar:**

D&R sponsored a project initiated by Nil Karaibrahimgil to raise awareness on the education of girls. The Nil Karaibrahimgil 2018 Calendar, featuring special messages and photos for girls, were put on sale at D&R stores, and the proceeds were donated to TEV's "Nil's Girls Scholarship Fund."

### Awards

D&R received the "Social Brands Data Analytics" award at the social media contest "Social Media Awards Turkey" jointly organized by Marketing Turkey and BoomSonar.

At the Fastest of Retail awards organized by Capital and Ekonomist magazines, D&R won first place in the "Turkey's Largest Culture Retailer (by Store Numbers)" category.

**Autograph Sessions:** D&R organized nearly 600 autograph sessions in 2017, featuring authors such as Haldun Dormen, Azra Kohen, Nilüfer, Metin Hara, Mazhar Alanson, Nermin Bezmen, Gani Müjde, İlber Ortaylı and MFÖ, attended by close to 150,000 individuals.

**From Me to You:** On International Book Giving Day, D&R launched the "From Me to You" project with a special twist, in order to strengthen Turkish society's book reading habits. As part of the project, D&R employees read books to raise interest in the open areas of Akasya Shopping Mall, and then gifted books to passers-by, with D&R t-shirts on. This project was viewed by 646,000 individuals on the company's social media channels, received 18,000 Likes and reached a total of 2 million people.

**A Musical Break with Sertab:** Sertab Erener staged a spontaneous live performance at Kanyon D&R store among books in 2017. The songs performed during the event were broadcast live, thereby increasing social media interaction.

**D&R Surprise at Kenan Doğulu Concert:** Prior to Kenan Doğulu's Harbiye Open Air Theater Concert, stickers were placed on various seats. On stage, Kenan Doğulu said 'D&R and I have a surprise for you' and announced that lucky individuals sitting on seats with stickers could visit the D&R booth to get their autographed Kenan Doğulu albums for free. Over 100,000 individuals viewed the live broadcast over D&R's Facebook page.

**D&R Retro Day:** At the Retro Day organized by D&R at BÜMED, participants enjoyed the best retro music of the 70s, 80s and 90s.





**AS PART OF D&R'S SOCIAL RESPONSIBILITY PROJECT WITH THE BOOKS FOR ALL FOUNDATION, BOOK-COLLECTING BOXES CALLED "KİTAPCAN KUMBARALARI" WERE PLACED IN 23 STORES.**

**D&R Book Fair:** In 2017, D&R Book Fair was held at 71 different stores and 142 autograph sessions were organized.

**Teachers' Day:** D&R, on November 24 Teachers' Day, paid surprise visits to around 150 teachers in three special schools, where the authors Ahmet Ümit, Buket Uzuner and İclal Aydın came together with the teachers as well.

**Special Communication:** On three important dates of the year 2017, namely Mothers' Day, Fathers' Day and report card day, the company invited its customers to the D&R experience. With the slogan "The real gift is the time you dedicate to them," D&R made suggestions to turn each of its products into a pleasant experience.

## ENERGY

### Doğan Enerji Projects

**Educational Activities:** Doğan Enerji stands out with its social responsibility projects towards the local communities where it runs operations. The company attaches special importance to education activities and provides primary school, high school and university scholarships in Mut and Bandırma, where its wind power plants are located. Furthermore, the company meets with the local mukhtars and district governors in order to identify and meet the needs of nearby village schools.

**Doğan Enerji Energetic Life Trek:** At the Eighth Turkey Energy Summit organized under the auspices of the Ministry of Energy and Natural Resources in 2017, Doğan Enerji organized an "Energetic Life Trek." A 2-km trekking path was created in the garden of the hotel hosting the summit, envelopes including the path and invitations were left in the rooms of all participants and the trek scheduled for the morning of the first day of the summit was announced.

The real purpose of this activity is to underline the fact that energy is an integral part of human life and that the sector can make achievements only if the sector players utilize their energies in the right manner. Another objective was to create an awareness in the sector and help individuals at different positions, companies and institutions to interact with each other in a more direct manner. Work is underway to extend this project, whose rights the company owns, towards other various events and organizations.

## SOCIAL RESPONSIBILITY OF GROUP COMPANIES AND ACTIVITIES

### UNDER THE LEADERSHIP OF AYTEMİZ, TURKEY'S VERY FIRST FAST CHARGING UNIT WAS ESTABLISHED AT THE AYTEMİZ STATION IN BURSA.

#### Aytemiz Projects

**An Exemplary Project for Stations by Aytemiz:** Aytemiz, as part of its rest-room/WC & market transformation project, launched a pilot initiative to raise the service standards of its stations. In order to increase the hygiene standards at the stations included in the project, special cleaning packages started to be sent to these locations and the frequency of hygiene standard control visits was increased.

**Aytemiz-Doğan Enerji Electric Charging Stations:** As a first in Turkey, Aytemiz, which is Doğan Enerji's subsidiary and leader of this project, installed a fast charging unit at its fuel oil station in Bursa, one of the most critical locations along the İstanbul – İzmir Motorway, compatible with both electric and hybrid vehicles. The unit was created in collaboration with Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş., the Turkish leader in this area, and is capable of charging all the electric vehicles on the road in Turkey at the moment. (AC and DC). The unit utilizes the latest technologies and can serve three cars at the same time.

This project is of great importance for Doğan Enerji, which has only renewable energy sources in its energy generation portfolio. In this manner, the company can provide integration with the segments under its own structure. At the same time, the company is taking a necessary and important step towards making a non-renewable business line, such as fuel distribution, more sensitive to the environment. In order to ensure sustainability in the energy sector, such horizontal integration in different sectors of the industry is essential.

**Aytemiz Stations Solar Roof Panels:** The idea of establishing solar panels on the roofs of Aytemiz fuel stations in line with the new regulation entitled "Electricity Generation from Roof-Type

Solar Panels" is on the agenda of both Doğan Enerji and Aytemiz. The project development process for initiating pilot studies at eligible stations started in 2018, the project is planned to be finalized in 2018.

#### INDUSTRY

##### Ditaş Projects

The Doğan Holding company Ditaş continued its Intern Engineer Training Program in 2017 in order to cultivate the engineers of the future. With this project, the company takes a crucial step towards meeting its need for qualified human resources. This effort also contributes to the creation of a skilled labor force in engineering in Turkey.

##### Çelik Halat

Celebrating its 50<sup>th</sup> anniversary in 2017, Çelik Halat continued to organize events for its employees on special occasions such as March 8 World Women's Day.

#### TOURISM

##### Bodrum Marina Vista Hotel

Bodrum Marina Vista Hotel continued to make a difference in 2017 with its exemplary corporate social responsibility projects. The hotel was a side sponsor of the 2017 BodRun Ultra Marathon Bodrum whose slogan was "Continuing the Dance with Nature - You Are the Limit." Furthermore, the Hotel sponsored the racing boat named Keyif 60 throughout the year, thereby contributing to trophy races and maritime sports. In addition, an event was organized for our guests on March 8, World Women's Day, not to mention birthday parties for employees and a staff night on New Year's Eve.



**Bodrum Marina Vista won the following awards in 2017:**

- Certificate from Holidaycheck, one of Germany's Largest Travel Portals
- Tripadvisor Excellence Certificate Award
- BAYK Trophies "Contribution Appreciation Plaques"
- Bodrum Ultra Marathon "Contribution Appreciation Plaque"
- Booking.com Customer Satisfaction Award
- Hotels.com Excellence Award

**Işıl Club Holiday Village won the following awards in 2017:**

- Certificate of Excellence at Trip Advisor
- Holiday Check Certificate
- Blue Flag Award
- Food and Water Security Silver Certificate
- Ministry of Health, Directorate of Public Health, Clean Pool Certificate

**Milta Bodrum Marina**

**Milta Bodrum Marina won the following awards in 2017:**

- Blue Flag Award 2017
- Best Environmental Awareness Activities Award 2017
- 5 Gold Anchor Marina Award
- CFM-BAYK Winter Trophy 2<sup>nd</sup> in Irc B Class - Milta Bodrum Marina Sailing Team
- BAYK Fall Trophy 3<sup>rd</sup> in Irc Class B - Milta Bodrum Marina Sailing Team
- The Göran Schildt Regatta Leros 2017 Race - 2<sup>nd</sup> Prize
- Turkcell Platinum Bodrum Cup 2017 Race - 1<sup>st</sup> Prize

**İŞİL CLUB HOLIDAY VILLAGE  
REALIZED ITS SOCIAL  
RESPONSIBILITY PROJECTS IN  
2017 WITH THE PARTICIPATION OF  
ITS EMPLOYEES.**

**Işıl Club Holiday Village**

Işıl Club Holiday Village realized its social responsibility projects in 2017 with the participation of its employees. A Kızılay (Turkish Red Crescent) Blood Donation Campaign was organized in 2017 with the participation of employees. In addition, the promotional ballpoint pens purchased by the company to be distributed at tourism fairs were produced from 100% recycled material, owing to its sensitivity towards protection of the environment.



# OCCUPATIONAL HEALTH AND SAFETY

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**ALL COMPANIES UNDER DOĞAN HOLDİNG ARE COMMITTED TO THE INTERNATIONAL LABOR ORGANIZATION (ILO) PRINCIPLES AND UNIVERSAL STANDARDS SUCH AS HUMAN RIGHTS.**

At Doğan Group, in the context of Occupational Health and Safety (OHS) measures, the Holding and its subsidiaries aim to achieve zero work accidents and zero occupational diseases. The OHS function is managed in light of Law no. 6331 on OHS, as well as sector-specific requirements, and current OHS policies, regulations and procedures. Aside from OHS legislation, all companies under Doğan Holding are committed to the International Labor Organization (ILO) principles and universal standards such as human rights.

In line with Law no. 6331 on OHS and related regulations, the Group's OHS experts perform emergency action plans, training programs, health checks upon recruitment, health checks and scans for special duties, hygiene checks, environment measurements, construction equipment controls and surveillance of subcontracting firms. In line with the annual business audit plan, the Holding Audit Department carries out the necessary checks for compliance and internal control.

The surveillance of OHS activities are under the responsibility of OHS Boards created at Group companies depending on the number of employees, which report to the Holding's management bodies in periodic fashion. Furthermore, OHS risks are discussed at Group companies' Early Risk Detection Committees and actions taken are monitored accordingly.

In 2017, the Group's OHS organization was subordinated to the Audit and Risk Management Group Presidency in order to oversee and manage the risks in this area in a centralized and efficient manner. In this new structure, OHS risks across the Group will be monitored and reported in a systematic/real-time through IT; accordingly, actions taken will be monitored in a proactive manner. As a result, efficiency, synergy and productivity will be boosted.

**AT DOĞAN GROUP, IN THE CONTEXT OF OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES, THE HOLDING AND ITS SUBSIDIARIES AIM TO ACHIEVE ZERO WORK ACCIDENTS AND ZERO OCCUPATIONAL DISEASES.**

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# HUMAN RESOURCES

**DOĞAN HOLDING BELIEVES THAT SUSTAINABLE GROWTH CAN BE ACHIEVED ONLY WITH THE PARTICIPATION OF EMPLOYEES, AND THEREFORE INVESTS IN THE DEVELOPMENT OF ITS STAFF.**

## HUMAN RESOURCES POLICY

Viewing its human resource as its most important asset, Doğan Holding is proud to be a corporation that all employees are pleased to work in. Cognizant that sustainable growth can only be achieved with the participation of employees, Doğan Holding has continued to grow with its human resources composed of responsible employees who can think strategically, formulate rapid and efficient solutions to problems and embrace the corporate values. In addition, the Holding has created new areas of employment. In 2017, just like every year, Doğan Holding provided rapid, efficient and fair support to its stakeholders with its highly qualified workforce with a view to providing competent services at high standards.

To this end, Doğan Holding is committed to:

- Creating a suitable environment for employees that supports their personal and professional development;
- Providing a working environment to ensure sustainable development;
- Regarding personal differences as enrichment in terms of human resources and taking a fair approach in line with ethical values;
- Assessing employees' performance by applying objective criteria;
- Providing equal opportunities to employees in terms of training and development;
- Strengthening the team spirit and expanding teamwork to achieve better business results;
- Offering assignment, promotion, transfer and rotation opportunities within the Group in order to enable employee development as well as organizational development;
- Creating a working environment in which ethical values and general rules of conduct are implemented and the balance between business and private life is observed;

- Rewarding high performance, providing appropriate and constructive feedback to those who have lower than expected performance and supporting them to improve their skills and abilities;
- Developing approaches to enhance employees' motivation and loyalty;
- Making improvements in technology and procedures to shorten the business processes of stakeholders and help them operate in a more efficient and productive manner,

The Holding's human resources policy is designed around its congruence with company and employee targets. Therefore, keeping employee loyalty at high levels and ensuring that corporate culture elements are accepted and adopted by all employees are critical.

We give great importance to internalizing the Code of Ethics among our employees. We facilitate this process via in-house communication channels and training programs. We actively encourage employees to conduct themselves with this awareness.

## Recruiting Well-Qualified Personnel

Doğan Group has adopted the principle of treating all potential candidates equally, with no discrimination during the selection and recruitment process, and looking only at the candidate's suitability for the job. As our Group adopts the belief that corporate success resides in practicing a successful recruitment strategy, our recruitment policy is based on the educational background, experience, competencies, career goals and expectations of candidates, in compliance with requirements of each position. We aim to acquire for the Group individuals who are disposed toward teamwork, who keep a close watch on national and global developments, who are open to innovation and who are suitable for our corporate culture. In job applications, the Holding utilizes interviews focused on competence as well as various inventories to assess the candidates' personal traits, in order to establish a transparent and fair recruitment process.

## Investing in the Training and Development of Employees

Creating and maintaining appropriate opportunities with the purpose of maximizing employee potential and ensuring the continuous development of personnel is a primary responsibility of Doğan Holding. In order to facilitate employee development, a great emphasis is placed on training at each level and stage. The Holding has adopted a corporate culture that encourages learning and development in order to cultivate well-qualified and professional employees. To ensure the success and efficiency of the Holding, training programs are designed to support employees' personal skills and their daily work.

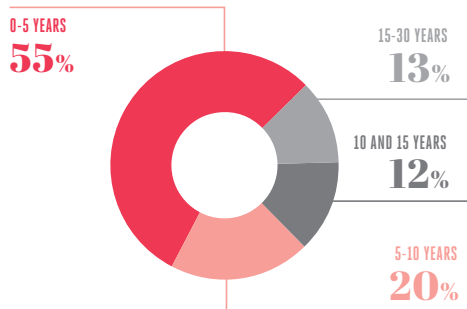
Training programs in areas such as personal development, improvement of technical, managerial skills, in addition to laws and regulations, digital marketing and social media are provided. Solutions specifically designed for certain companies also enrich the training programs.

In addition to aiming to foster a sustained learning and development environment that constantly supports the improvement of senior management, Doğan Holding also targets training strong, and solid executive candidates. With this aim, newly recruited executives and/or executive candidates are provided orientation to quickly adapt to the corporate culture. They are also provided with a number of training opportunities that are designed to develop their competence. Further, thanks to discount agreements between private universities and Doğan Holding, employees have the opportunity to pursue master's level studies while they are working. With all these practices, Doğan Holding works towards becoming a leading employer brand that uses technology efficiently, devises new business process and leads the way in new markets as well.

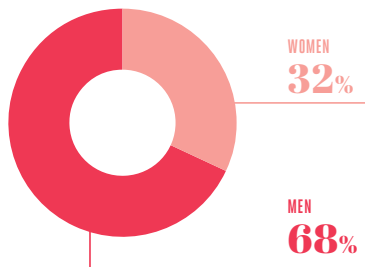
All these applications aim to bolster Doğan Holding's capacity in using technology, developing new business processes and assuming a leadership role in new markets.

# HUMAN RESOURCES

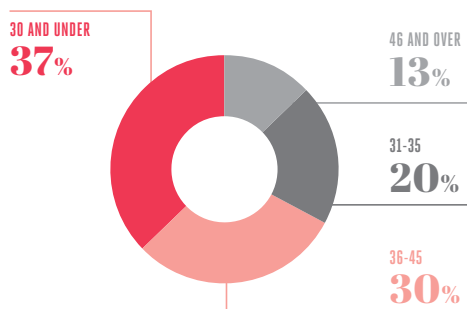
## DOĞAN HOLDING AND GROUP COMPANIES' EMPLOYEE SENIORITY



## DOĞAN HOLDING AND GROUP COMPANIES' EMPLOYEE GENDER DISTRIBUTION



## DOĞAN HOLDING AND GROUP COMPANIES' EMPLOYEE AGE RANGE



## Remuneration and Reward Management

Doğan Holding has adopted the principle of "equal pay for equal work" in its remuneration policy, which is shaped and updated according to wage categories, recent market trends and performance evaluations.

## Performance Management System

In order to recruit well-qualified individuals and enhance current employees' loyalty to the Company, Doğan Holding has adopted a policy of rewarding successful performance. The Holding believes that employees who perform above expectations and achieve exceptional successes and/or undertake activities beyond their responsibilities should be appreciated and rewarded. The Holding thinks that these types of rewards will encourage employees to perform above the expected standards.

Doğan Group established the Performance Management System in 2018 with a view towards creating a Human Resources Management Function compatible with its visions and strategies. The objective of the Performance Management System is to encourage employees at all levels to embrace a high performance culture, and thus ultimately create value for all stakeholders.

In order to meet the goals, the performance evaluation system is designed to ensure the necessary active follow-up and regular orientation of employees, to support successful employees, and to realize career and success planning and recognition.

## Human Resources Practices

### Our Human Capital is Our Most Valuable Asset!

Doğan Holding aims to maintain its current achievements while reaching new accomplishments. The Company is powered by its highly competent and well-equipped employees that have embraced the Group's business targets. Fully aware that employees are its most valuable asset, the Holding aims to become a well-established employer brand by adopting contemporary human resources policies that will maintain employee satisfaction at the highest level.

The Holding's human resource policies and applications aim to foster its corporate culture across the workforce, boost efficiency, and strengthen

employee loyalty. Human resources activities undertaken within Doğan Holding and Group companies are designed around a common corporate culture. These activities are conducted on the basis of sectoral and local factors and can be categorized under four main headings: human resources planning; business analyses based on roles and responsibilities; training and performance; and remuneration management.

## A Peaceful Working Environment, High Employee Satisfaction

Different personal attributes such as nationality, belief, ethnic origin, language, gender, disability, political views and age are regarded by Doğan Holding as characteristics that strengthen the Company's corporate structure. As a result, every Doğan Holding employee has equal rights.

All Doğan Holding employees have private health insurance. Occupational physicians and assistant health personnel employed at the Holding's Group companies – in coordination with the human resources department – closely monitor employees' health conditions.

## Internal Communication Efforts and New Applications to Bolster a "We" Feeling

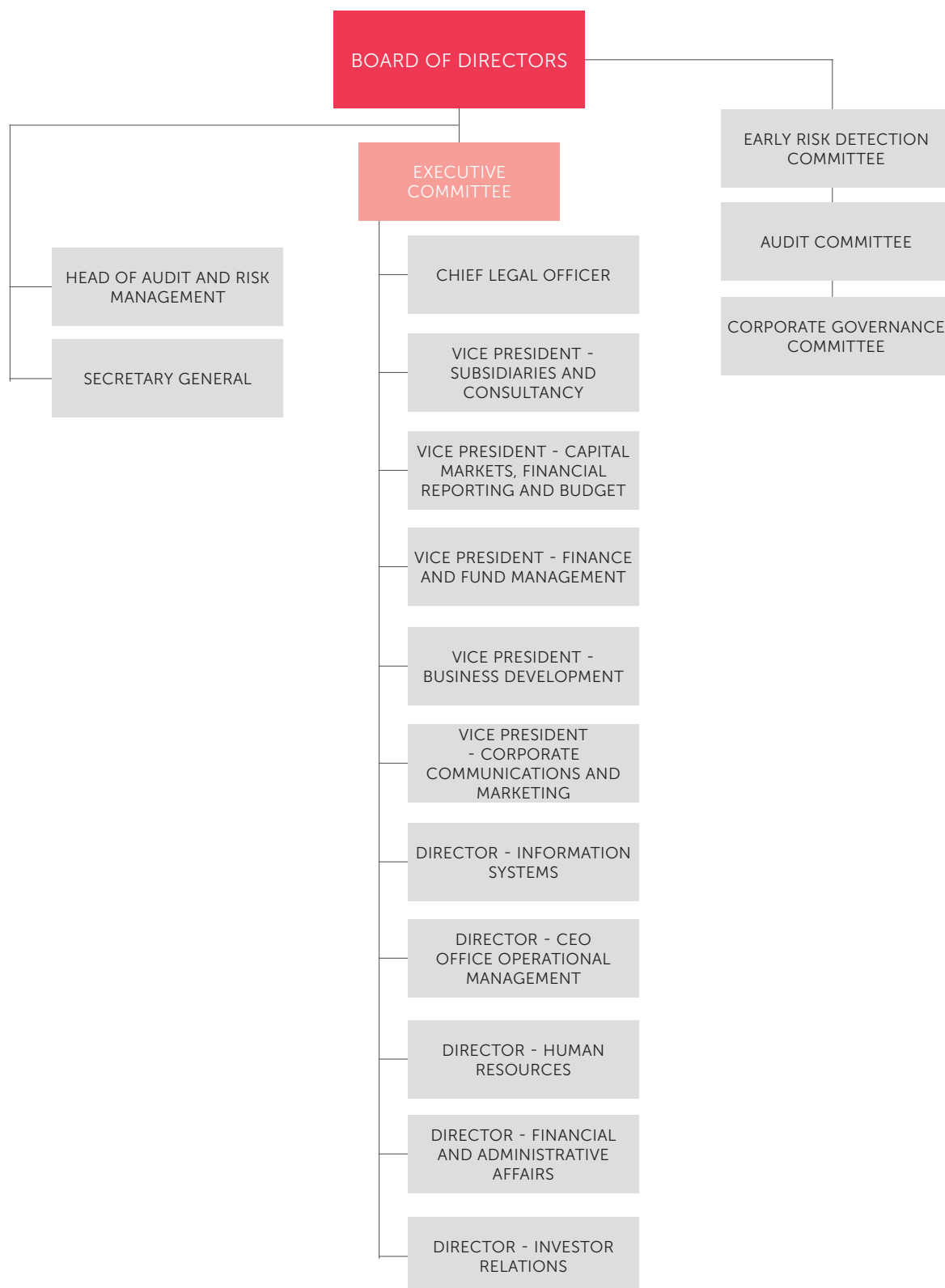
In order to help employees enjoy healthy and continuous communication both with the Company and among themselves, Doğan Holding places great importance on the development of internal communication activities. Doğan Group's web site [www.doganbiz.net](http://www.doganbiz.net) is an intranet site where employees can share their announcements and notifications.

## Doğan Holding's Human Resources Profile

As of December 31, 2017, the Group employed 8,247 personnel in Turkey and overseas (7,715 in Turkey). This figure includes the total personnel of the subsidiaries and joint ventures consolidated with the full consolidation method (December 31, 2016: a total of 8,635 employees; 7,724 in Turkey). Some 32% of the personnel employed in Turkey are women. Personnel employed for over five years in the Group represent 45% of the total workforce.

As of December 31, 2017, 57% of Doğan Holding personnel employed in Turkey are in the 18-35 age group, giving the Company a young employee profile. The average age of the Group's workforce is 34.

## DOĞAN HOLDİNG ORGANIZATIONAL CHART



CARING

VALUES

ADDING

VALUES



# **WE CARE AND WE VALUE**

---

**the earth and the environment,**

---

**cultural exchange and pluralism,**

---

**scientific and technological progress,**

---

**business ethics and quality  
standards,**

---

**and international collaboration for**

**HUMANITY.**

# MANAGEMENT STRUCTURE

## Sustainable and Profitable Growth Strategy

Doğan Group Companies adopt a management approach based on the Holding's sustainable and profitable growth strategy. Group companies also create a transparent, flexible and entrepreneurial working environment centered on teamwork and communication.

As a driving force for the Turkish economy, Doğan Holding remains the pioneer of change and development in all sectors it operates in while maintaining an innovative vision.

## Corporate Governance Rating

Doğan Holding fully embraces the concepts of equality, transparency, accountability and responsibility set forth in the Capital Markets Board's Corporate Governance Principles as an integral part of its corporate culture. Doğan Holding has been included in the BIST Corporate Governance Index since November 4, 2009. In its report dated November 7, 2017, SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a rating agency licensed by the Capital Markets Board to perform corporate governance rating activities in accordance with CMB's regulations and resolutions, upgraded Doğan Holding's corporate governance rating to 9.41 (94.06%) out of 10. As per CMB's relevant resolution, the final rating is determined by assigning different weights to four subcategories. The distribution of our corporate governance rating by subcategory is presented below:

Subcategories	Weight (%)	Score November 2017	Score November 2016
Shareholders	25	94.88	94.88
Public Disclosure and Transparency	25	96.50	96.50
Stakeholders	15	93.92	93.51
Board of Directors	35	91.79	91.75
<b>Total</b>		<b>94.06</b>	<b>93.98</b>

The Corporate Governance Compliance Report published by SAHA is available on Doğan Holding's corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

## BIST Sustainability Index Member

The BIST Sustainability Index features the stock of those companies listed on Borsa İstanbul demonstrating a high corporate sustainability performance. As a result of assessments to determine the companies to be included in the index for the period November 2017 – October 2018, Doğan Holding was added to the index as of November 1, 2017.

## BOARD OF DIRECTORS

The Chairperson and members of the Board of Directors hold the powers granted to them by the relevant articles of the Turkish Commercial Code and the Articles of Association. Board Members are elected to serve for a maximum of three years according to Article 12 of the Articles of Association. If their term of office is not clearly stated in the selection decisions by the General Assembly, the term of office is deemed to be one year. The Board Members selected at the Ordinary General Assembly Meeting on March 31, 2017, where the activities and accounts for fiscal year 2016 were discussed, will be in office until the next Ordinary General Assembly Meeting at which the activities and accounts of fiscal year 2017 will be evaluated. In 2017, 30 Board of Directors meetings/decisions were held/made (2016: 28).

## Board of Directors <sup>(10)</sup>

Name/Surname	Duty	Executive/Non-executive
Y. Begümhan DOĞAN FARALYALI	Chairwoman of the Board of Directors	Non-executive
Hanzade V. DOĞAN BOYNER	Vice Chairwoman of the Board of Directors	Non-executive
Arzuhan DOĞAN YALÇINDAĞ	Board Member	Non-executive
Vuslat DOĞAN SABANCI	Board Member	Non-executive
Yağmur ŞATANA <sup>(11)</sup>	Executive Director	Member/President of the Executive Committee/Executive
İmre BARMANBEK	Board Member	Non-executive
Tayfun BAYAZIT	Board Member	Independent
Dr. A. Vural AKIŞIK	Board Member	Independent
Hacı Ahmet KILIÇOĞLU	Board Member	Independent

Board Members hold the following positions outside the Company:

Name/Surname	Duties outside the Company
Y. Begümhan DOĞAN FARALYALI	Chairwoman, Vice Chairwoman, and Board Member of various Group companies
Hanzade V. DOĞAN BOYNER	Honorary Chairwoman, Chairwoman and Vice Chairwoman of various Group companies
Arzuhan DOĞAN YALÇINDAĞ	Chairwoman and Board Member of various Group companies
Vuslat DOĞAN SABANCI	Chairwoman and Board Member of various Group companies
Yağmur ŞATANA	Chairman, Vice Chairman and Board Member of various Group companies
İmre BARMANBEK	Chairwoman and Board Member of various Group companies
Tayfun BAYAZIT	Co-founder and owner of Bayazit Yönetim Danışmanlık Ltd; Board Member of various non-Group companies
Dr. A. Vural AKIŞIK	None
Hacı Ahmet KILIÇOĞLU	Independent Board Member and President of Audit Committee of various Group companies; Board Member of various Non-Group companies

## Board of Directors Committees

With the decision of the Board of Directors Resolution No: 2017/12 and dated May 9, 2017;

The Executive Committee, Audit Committee, Early Risk Detection Committee and Corporate Governance Committee have been established until the next Ordinary General Assembly for the period between January 01, 2017 and December 31, 2017, at which the activity results of fiscal year 2017 will be evaluated, excluding the Corporate Governance Committee. The Corporate Governance Committee will continue its duties until the first Board of Directors' Meeting to be held after the General Assembly Meeting to be held to discuss 2017 activity results. With the same decision, it was stipulated that the Corporate Governance Committee would also take on the duties of the Nomination Committee and the Remuneration Committee as per II-17.1 Corporate Governance Communique issued by the Capital Markets Board (CMB).

With the Board of Directors Resolution dated 17.08.2017 and numbered 2017/19, an Executive Committee has been constituted to serve until the Ordinary General Assembly Meeting where the results of the year 2017 will be discussed.

<sup>(10)</sup> Detailed information on the Board of Directors and Committees as well as member resumes are presented on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

<sup>(11)</sup> Upon the Board of Directors decision dated 03.10.2017 and numbered 2017/24, Board Member Yağmur Şatana was appointed as Executive Director and Chief Executive Officer as of 03.10.2017.

# MANAGEMENT STRUCTURE

## Executive Committee <sup>(12)</sup>

Name/Surname	Title
Yağmur ŞATANA	President, Chief Executive Officer (CEO)
Ahmet TOKSOY	Member (Chief Financial Officer - CFO)
Tolga BABALI	Member (Financial and Operational Management)
Vedat MUNGAN	Member (Strategic Planning and Business Management)

## Audit Committee <sup>(13)</sup>

Name/Surname	Title
Tayfun BAYAZIT	President (Independent Board Member)
Hacı Ahmet KILIÇOĞLU	Member (Independent Board Member)

The Audit Committee convened four times in the accounting period 01.01.2017-31.12.2017, took five resolutions, and presented these resolutions in writing to the Board of Directors. The working principles of the Audit Committee are available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

## Corporate Governance Committee <sup>(12)</sup>

Name/Surname	Title
Tayfun BAYAZIT	President (Independent Board Member)
İmre BARMANBEK	Member
Dr. Murat DOĞU	Member
Banu ÇAMLITEPE	Member

The Corporate Governance Committee convened five times in the accounting period 01.01.2017-31.12.2017, took six resolutions, and presented these resolutions in writing to the Board of Directors. The working principles of the Corporate Governance Committee are available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

## Early Risk Detection Committee <sup>(12)</sup>

Name/Surname	Title
Tayfun BAYAZIT	President (Independent Board Member)
Selma UYGUÇ	Member
Tolga BABALI	Member
Tahir ERSOY	Member

In the accounting period 01.01.2017 – 31.12.2017, the Early Risk Detection Committee convened six times and presented the decisions took during these meetings to the Board of Directors in writing. The working principles of the Early Risk Detection Committee are available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

### Board of Directors assessment on the Working Principles and Efficiency of Audit Committee, Corporate Governance Committee, and Early Risk Detection Committee:

Upon a Board of Directors resolution dated 09.05.2017 and numbered 2017/12, the following appointments were made to the committees in order to assist the Board in its activities, as per the relevant provisions of the Turkish Commercial Code, Capital Markets Law, and Capital Markets Regulations and Guidelines:

Tayfun Bayazıt, Independent Board Member, was appointed as the President of the Audit Committee and Hacı Ahmet Kılıçoğlu as the Member,

<sup>(12)</sup> Upon a Board of Directors decision dated 17.08.2017 and numbered 2017/19, Executive Committee Members were appointed to serve until the Ordinary General Assembly regarding the accounting period 01.01.2017-31.12.2017.

<sup>(13)</sup> Detailed information on the Board of Directors and Committees as well as member resumes are presented on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).



Tayfun Bayazit, Independent Board Member, was appointed as the President of the Corporate Governance Committee, and İmre Barmanbek, Board Member, Dr. Murat Doğu, Vice President of Financial Affairs and Investor Relations, and Banu Çamlıtepe, Investor Relations Director, were appointed as Members,

Tayfun Bayazit, Independent Board Member, was appointed as the President of the Early Risk Detection Committee, and Selma Uyguç, Vice President of Legal Affairs, Tolga Babalı, Executive Committee Member in charge of Financial and Operational Management, and Tahir Ersoy, Tax Management Director, were appointed as Members.

The regulations governing the areas of duty and working principles of the aforementioned committees have been put into force upon a resolution of the Board of Directors and disclosed to the public via our Company's website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

During the accounting period of 01.01.2017-31.12.2017, all the Board of Directors committees fulfilled their duties and responsibilities in accordance with the Corporate Governance Principles and their own regulations and operated in an efficient manner.

In the accounting period 01.01.2017-31.12.2017, in line with a meeting schedule as required for the effectiveness of their work, and in accordance with their own Regulations:

- The Audit Committee convened four times on 07.03.2017, 09.05.2017, 16.08.2017 and 08.11.2017, and took five decisions.
- The Corporate Governance Committee convened five times on 22.02.2017, 07.03.2017, 09.05.2017, 16.08.2017 and 08.11.2017 and took six decisions.
- The Early Risk Detection Committee convened six times in two-monthly intervals in the accounting period of 01.01.2017-31.12.2017 and took six decisions.

The committees presented their reports on their activities and the results of their meetings held during the year to the Board of Directors.

Accordingly:

The Audit Committee is responsible for taking all the necessary measures for the sufficient and transparent implementation of all kinds of internal control and independent audit activities, and for ensuring that the internal control systems function efficiently. The Audit Committee presented its opinions and suggestions on the internal audit and internal control systems and on the other issues under its responsibility to the Board of Directors.

Set up to monitor the Company's compliance with the Corporate Governance Principles, realize improvements in this area and make suggestions to the Board of Directors, the Corporate Governance Committee identified the best management practices concerning the implementation of the Corporate Governance Principles at the Company, presented the Board of Directors its suggestions on improving corporate governance practices, and supervised the functioning of the Investor Relations Department.

Established to detect possible risks towards the Company's existence development and continuity at an early stage, take the necessary measures and manage these risks, the Early Risk Detection Committee revised the Company's risk management systems within the scope of its duties and working principles. The Committee also informed the Board of Directors by means of the two-monthly reports, which are required as per Article 378 of the Turkish Commercial Code (Law no. 6102).

## Doğan Holding Management Team

Doğan Holding Management Team	Duty
Yağmur Şatana	Chief Executive Officer (CEO)
Ahmet Toksoy	Executive Committee Member, Chief Finance Officer (CFO)
Tolga Babalı	Executive Committee Member, Financial and Operational Management
Vedat Mungan	Executive Committee Member, Strategic Planning and Business Management
Kemal Sertkaya	Group Head, Audit and Risk Management
Erem Turgut Yücel	Chief Legal Officer
Ayhan Sırtıkara	Secretary General
Aygen Leyla Ayözger Özvardar	Vice President, Business Development
Mehmet Yörük	Vice President, Finance and Fund Management
Dr. Murat Doğu	Vice President, Capital Markets, Financial Reporting and Budget
Neslihan Sadıkoğlu	Vice President, Corporate Communications and Marketing
Selma Uyguç	Vice President, Legal Affairs, Subsidiaries and Consultancy Services

# INTERNAL AUDIT AND CONTROL

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Upon the restructuring of the Doğan Holding Audit Unit as the Group Presidency of Audit and Risk Management, the interaction with risk management was enhanced and risk-based audit was fully implemented. Following the reorganization, synergy and efficiency were established in the performance of these two functions; their independence and objectivity were also reinforced. In addition, in this new structure, the Group's Occupational Safety and Health organization was joined to the Group Presidency of Audit and Risk Management with a view towards managing and overseeing the risks in this field in a centralized and efficient manner.

Based on the COSO 2013 Internal Control - Integrated Framework, the Doğan Internal Control Framework Booklet was put into use of employees at all levels of the Holding and the subsidiaries, in order to enhance their internal control awareness and motivation, and to highlight their individual responsibility in this respect. The Doğan Internal Control Framework constitutes a guide, which also features a number of exemplary control activities and is designed to enhance the Group's internal control awareness and governance quality.

There was further work on the protection of the assets of the Company, routine work on internal control efficiency, and the "assurance" function; "consultancy" was also provided by participating in savings/efficiency projects aiming to increase the Group's synergy and profitability.

The objectives for the year 2018 include completing the restructuring of the OHS organization, initiating of the efficient oversight of processes, implementing internal/external development programs for enhancing team efficiency, and increasing the number of IT and IT security audits. Furthermore, intra-Group training and development programs are planned for the use of the Doğan Internal Control Framework.

## RISK MANAGEMENT

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Under its risk management policies, Doğan Holding internally monitors financial, operational and compliance risks, in addition to designating and measuring financial risks. The Holding advises Group companies based on the business risk information gathered.

### Financial, Compliance and Operational Risk Management

The Holding's units define, identify and monitor the risks that the Group companies are exposed to. In 2017, the audit and risk management functions were combined under the Group Presidency of Audit and Risk Management. With this new structure, risk-based supervision was fully implemented, and synergy and efficiency were created through the integration of the internal control, audit and operational risk management functions.

In order to control and reduce the possible operational risks identified, the Holding's Financial Affairs and Group Presidency of Audit and Risk Management fulfill the necessary risk management functions. These activities are then evaluated by the Holding's Executive Committee. The actions to be taken are identified after discussions with the senior management of Group companies.

In an effort to minimize and manage risks specific to the industries in which Doğan Holding companies operate, senior management and department managers were administered training on relevant regulations. Consequently, risk perception was instilled and risk awareness was raised by all executives. The management of tax, commercial law and capital markets compliance risks, which are a major component of financial, compliance and operational risks, is carried out under the coordination of the Holding's Financial Affairs, Group Presidency of Audit and Risk Management with the occasional support of audit and certified public accounting firms.

In addition, the Doğan Internal Control Framework Booklet-based on the COSO 2013 Internal Control Integrated Framework-was put into use of employees at all levels of the Holding and to the subsidiaries, in order to provide a guiding perspective on the closely related issues of Corporate Risk Management and internal control. The Framework is designed to create added value by helping our subsidiaries to attain their targets in line with their strategies, and to manage their risks in the fields of operations, internal/external financial reporting, and compliance.

Additionally, pursuant to Article 378 of the Turkish Commercial Code (Law No. 6102), Doğan Holding's Board of Directors has set up an Early Risk Detection Committee. The Committee is charged with detecting early risks that could jeopardize the existence, development and continuity of the Company; taking necessary action against such risks; managing risks; and reviewing the risk management systems at least once every year. At Group companies listed on the stock exchange, Early Risk Detection Committees convene bimonthly to assess risks of the Group companies and submit a report to the Board of Directors.

## Financial Risk Management

Due to its business activities, Doğan Holding is subjected to a range of risks, such as credit risk (foreign currency and interest rate risks) market risk and liquidity risk. Financial risk management aims to minimize the adverse effects caused by the volatility of the financial markets on the financial results.

To be able to avoid these financial risks, the Group uses the options of recording foreign currency positions on a Holding-basis in consideration of the Group companies' foreign currency liabilities; positioning the Group in line with its liabilities according to the cash positions of the Group companies; and limiting the volume of common derivative liabilities to balance the risks.

Financial risk management is conducted by all subsidiaries, within the general framework set by the Board of Directors.

Thanks to the Central Treasury System application completed in 2011, the daily market values of all kinds of financial instruments (including options and futures) can be calculated. In addition, this system is used for purposes of asset-liability management. The daily positions of Doğan Holding and the Group companies are reported according to daily market data.

In 2017, Doğan Holding established a Central Treasury structure, and started to assess the spot, futures, options, loans and deposits of its subsidiaries in a centralized manner. These transactions yield beneficial results in the subsidiaries' balance sheets. The resulting benefits and volumes will be monitored by means of the Central Treasury System and started being reported from 2018 onwards.

In the coming periods, the Holding plans to keep track of the Group's liquidity on not a daily but real-time basis through the SWIFT system, of which the Holding is currently a member, and improve and digitalize the payment system.

## Credit Risk

Credit risk is the risk of the other party's non-fulfillment of its contractual obligations, in those contracts signed by the Group. This risk involves Group company receivables, particularly from advertising.

**Publishing/Broadcasting:** Doğan Holding controls its credit risk primarily by credit assessment through its factoring firm and by assigning credit limits to counter parties, in effect creating a data center. Credit risk is distributed due to the many organizations in the client-base and their distribution among diverse business areas.

**Other:** These risks are controlled by limiting the average risk for the other party (except related parties) in each contract, and by demanding collaterals when required.

## Receivables Risk

Doğan Group companies are exposed to receivables risk due to trade receivables from their credit sales. Therefore, the Group companies' management tries to minimize their accounts receivable risks by setting credit limits for each customer and obtaining collateral when necessary, or by executing sales transactions in cash when working with high-risk customers.

Collection risk, which Group companies are subject to, generally arises from trade receivables. The Financial Risk Committee regularly evaluates the commercial receivables at its regular meetings, based on past experience and the current economic situation. The Committee ensures coordination with the companies, conducts studies on the situation and collection of the receivables; when deemed necessary, the Committee sets aside provisions for doubtful receivables.

## Interest Rate Risk

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

# RISK MANAGEMENT

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

## 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 to maintain flexibility in funding by keeping committed credit lines available.

For each segment under the Group's umbrella, the risk related to the funding of current and future borrowing requirements is managed by ensuring the continuous availability of a sufficient number of high quality credit providers. Under this effort, studies are conducted to designate annual limits based on the operational expectations of the companies with banks.

## Foreign Currency (Exchange) Risk

Doğan Group is subject to foreign currency risks due to changes in exchange rates as a result of conversions of foreign currency debt amounts into the functional currency. These risks are monitored and limited through foreign currency positions analyses. Scenario analyses and stress tests are also used to analyze foreign exchange positions.

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities as of 31 December 2017 and 31 December 2016 before consolidation adjustments and reclassifications are provided in Note 34 – Financial Risk Management Objectives and Policies of the consolidated financial statements ending on December 31, 2017.

## Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

To maintain or reorganize its capital structure, the Group can change the dividend amount to be paid to shareholders, return capital to the shareholders, issue new shares or sell assets to decrease borrowing levels.

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 the financial position.

## Legal Risk

There are no outstanding lawsuits filed against Group companies that could jeopardize the continuity of their operations or damage their financial structure. The legal disputes and cases related to the business activities of Group companies are monitored centrally by the attorneys in the Legal Affairs Department under the umbrella of Doğan Group. As such, attorneys specialized in various areas of law can offer their services to all the subsidiaries of the Group. In addition, this centralized legal structure also provides consultancy services to the Group and its subsidiaries, and coordinates the purchase of consultancy services from legal experts.

## Information Technology Risk

The procurement, production, sales and accounting processes across Doğan Group companies are managed via applications and modules on an integrated information system (SAP). Maintaining the process of purchasing, production, sales and accounting and reports related to these transactions are also generated through this system. Furthermore, the Holding's IT security policies, regulations and procedures were put into use of subsidiaries. Furthermore, data security risk management will be performed and the necessary actions will be monitored by the Holding's IT Security Executive once a year.

Doğan Group keeps close watch on technological developments and advances, and embraces these according to the needs of Group companies. The Group also continuously monitors the adequacy, efficiency, access, reliability and sufficiency of the services delivered through its information technologies system. Every year, Group companies identify their various IT needs, and the Group undertakes IT investments to meet these needs and requests.



# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## PART I - Declaration of Compliance with Corporate Governance Principles

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding" or "the Company") exerts maximum care to comply with the Capital Markets Law ("Law") and the Capital Markets Board ("CMB")'s Regulations and Resolutions, and embraces the concepts of fairness, transparency, accountability and responsibility, which form the essence of corporate governance.

To this end, Doğan Şirketler Grubu Holding A.Ş. has been included in the Borsa İstanbul A.Ş. ("Borsa İstanbul") Corporate Governance Index ("XKYUR") since November 4, 2009. The Company is given an annual corporate governance rating every year by SAHA Corporate Governance Rating Company ("SAHA") licensed by the Capital Markets Board, in line with the rating methodology outlined by the CMB. The Company's Corporate Governance Rating and Corporate Governance Compliance Reports are available on the Company's website at ("www.doganholding.com.tr").

The Corporate Governance Committee continues its efforts to improve the Company's corporate governance activities. As of the activity period that ended on 31.12.2017, the Company complies with all compulsory Corporate Governance Principles ("Principles") of the CMB and the Communiqué. Furthermore, utmost attention is paid to comply with the non-compulsory principles of the Law and the Communiqué. As explained in this report, we think there will not be any significant conflicts of interest in the current situation regarding the non-compulsory principles with which the Company has not yet fully complied.

Best regards,



**Yağmur Şatana**  
*Executive Board Member and  
President of the Executive Committee*



**Yaşar Begümhan Doğan Faralyalı**  
*Chairwoman*

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## PART II - SHAREHOLDERS

### 2.1. Investor Relations Department

2.1.1. In order to ensure that the tasks stipulated in the Communiqué, the name of the "Shareholder Relations Unit" that was established on 18.03.2009, was changed to the "Investor Relations Department" with our Board of Directors decision dated 22.07.2014. The Investor Relations Department carries out its activities in conformity with CMB regulations, the Communiqué and the Articles of Association.

The Company's Investor Relations Department employs expert personnel and well-experienced professionals in the fields of investor relations, legal and financial affairs. The Investor Relations Director of the Company works under the Chief Financial Officer. The Vice President of Financial Affairs Dr. Murat Doğu is the Head of Investor Relations Department, and the Investor Relations Director Banu Çamlıtepe works full time in the Investor Relations Department. The Investor Relations Department's contact info is given below.

Full Name	Title	Telephone Number	E-mail	License Certificate Type	License No.
Dr. Murat Doğu	Financial Affairs Vice President - Head of Investor Relations	0216 556 90 00	mdogu@doganholding.com.tr	CMB Advanced License - Corporate Governance Rating Expertise	200065 - 700026
Banu Çamlıtepe	Investor Relations Director/Investor Relations Department	0216 556 90 00	banuc@doganholding.com.tr	CMB Advanced License - Corporate Governance Rating Expertise	203041 - 701087

Information about our Company, provided on the Company's Corporate Website ("www.doganholding.com.tr"), is regularly updated and presented for the information of the investors and shareholders both in English and in Turkish.

As per the Communiqué the Investor Relations Department must prepare and present a report to the Board of Directors at least once a year about the activities it carries out. In 2017, three presentations were made to the Board of Directors regarding share performances and investor meetings, and furthermore, Investor Relations Department's 2017 activities were presented to the Board of Directors with the report issued in February 2018.

### 2.2. Exercise of Shareholders' Right to Obtain Information

2.2.1. In the exercise of shareholders' rights, the Company complies with the relevant Legislation, the Articles of Association and other Company Regulations, and thus all measures are taken to ensure that these rights are exercised.

2.2.2. The Company treats all shareholders, including minority and foreign shareholders, in line with the "principle of equal transaction" as regards the exercise of shareholders' right to obtain and evaluate information.

In 2017, investors' and shareholders' information requests - apart from those that interfere with trade secrets - were answered within the framework of "equality principle" in conformity with the Capital Markets Legislation and CMB Regulations and Decisions. Within this scope, 12 analyst and investor meetings and teleconferences were organized with investment corporations' representatives. Information requests about various issues made by the shareholders via phone, email or other methods were evaluated and answered rapidly and effectively. In 2017, information was given to 122 shareholders via phone; and 16 emails were answered.

2.2.3. Presentations that include the developments about the Company and financial information, and all kinds of information that may have impacts on exercising investor and shareholder rights are regularly updated and announced on the Company's Corporate Website "www.doganholding.com.tr." In 2017, neither did our Company receive any written/verbal complaints about using the shareholders' rights, nor were there any administrative/legal proceedings.

As regards the lawsuits filed by investors (seven individuals) regarding the Company's en bloc acquisition of the assets and liabilities of its subsidiary Doğan Yayın Holding A.Ş. and the ensuing merger under the umbrella of the Company, in case an important and/or extraordinary development arises in the course of these lawsuits, the necessary public disclosures will be issued via the Public Disclosure Platform (PDP) in line with the Capital Markets Legislation. The said public disclosures are available on the corporate web site of PDP ([www.kap.org.tr](http://www.kap.org.tr)), and/or the Company's corporate website at "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

### **2.3. General Assembly Meetings**

2.3.1. In order to facilitate the attendance of the shareholders, General Assembly meetings are held in Istanbul where the Company Headquarters is located.

2.3.2. Prior to the General Assembly meetings, the agenda items and the detailed General Assembly Information Document, which specifies the reasons behind the agenda items, and the Proxy Voting Form are presented – within the legally specified time before the meeting – for the shareholders' information and review in accordance with the Turkish Commercial Code, Capital Markets Law, CMB's relevant communiqués, regulations and decisions, and the Communiqué. All ads and notifications are made pursuant to the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB Regulations/Decisions, Borsa Istanbul and Central Registry Agency (CRA) regulations, as well as the Articles of Association.

2.3.3. The General Assembly meetings are organized in a way that will ensure the attendance of the maximum number of shareholders. General Assembly Meetings are also organized online.

2.3.4. General Assembly meetings are carried out with the simplest possible procedures, at the lowest possible cost for the shareholders and in a manner that does not create any inequality among shareholders.

2.3.5. The Company does not have any registered shares. All of our shares are dematerialized with the Central Registry System (CRS) as per Capital Markets Legislation, Capital Markets Law, and CRA regulations/resolutions.

2.3.6. The Company's 2016 activity results were discussed at the Ordinary General Assembly Meeting held on March 31, 2017 at the Company Headquarters. Call for the meeting was announced in conformity with the Articles of Association via Turkish Trade Registry Gazette and Public Disclosure Platform.

2.3.7. Prior to the General Assembly Meeting, no proposal regarding the agenda items or no request to add an agenda item was made.

2.3.8. The Chairman of the meeting did make the necessary preparation on the documents that were made available for the shareholders review prior to General Assembly Meetings as per the Turkish Commercial Code, Capital Markets Law and the relevant legislation.

2.3.9. At the General Assembly meetings, votes were cast through open ballot, by raising hands. Voting procedures were announced to shareholders through the General Assembly Information Document in the announcement, and at the beginning of the meeting.

2.3.10. The following documents issued regarding the Ordinary General Assembly Meeting such as; January 1, 2016 - December 31, 2016 accounting period's Consolidated Statement of Financial Position and Consolidated Profit & Loss Statements (with other tables and footnotes "Financial Report"), Board of Directors' Annual Report, Board of Directors' proposal on the profit of 2016 period, Call for the General Assembly, Independent Audit Report, General Assembly Information Document and Proxy Voting Form, and all information notes that include necessary statements/disclosures within the scope of the Communiqué, were made available – in conformity with the Capital Markets Board Regulations and Decisions, and the Articles of Association of the Company – for the shareholders review three weeks prior to the Ordinary General Assembly Meeting, and were publicly announced on the Corporate Website "[www.doganholding.com.tr](http://www.doganholding.com.tr)." Shareholders' questions received after announcing the General Assembly Meeting date were answered by the Investor Relations Department in conformity with the Capital Markets Legislation, Capital Markets Law, and Capital Markets Board Regulations/Decision.

2.3.11. At the Ordinary General Assembly Meeting held on the March 31, 2017 where 2016 activities were discussed, the meeting quorum was 70.95%, and 1,856,680,244.304 shares out of 2,616,938,288 shares representing the company capital were represented in the meeting.

2.3.12. Shareholders, some of the members of the Board of Directors, company employees and representatives of independent audit company attended the General Assembly Meetings. However, other stakeholders and representatives of media companies' preferred not to attend the meetings.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

2.3.13. At the General Assembly meetings, agenda items were conveyed in an objective and detailed manner with a clear and comprehensible method while the shareholders are given the opportunity to state their opinions and ask questions under equal circumstances in a healthy environment for discussion.

2.3.14. As per the Communiqué, shareholders must be given information at the Ordinary General Assembly meeting about whether the shareholders who control the management of the Company, Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree engage in any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or whether the aforementioned persons engage in any transaction related to a commercial business that is within the scope of the corporation or its associate's field of activity, for their own account or for the account of others or whether they become unlimited partners in other companies carrying out similar commercial businesses. At the meeting, the issue is included in the agenda as a separate item; detailed information is provided on the issue and registered in the meeting minutes. In 2017, the shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Company or its associates which may lead to conflicts of interest, or the aforementioned persons did not make any transaction, related to a commercial business that is within the scope of the corporation or its associate's field of activity, for their own account or for the account of others or they did not become unlimited partners in other companies carrying out similar commercial businesses.

2.3.15. At the Ordinary General Assembly Meeting, which held on March 31, 2017 about 2016 activities, the TL 1,814,320 donation made by the Company in 2016 to foundations, associations, and public entities were presented for the shareholders' information. The Company's "Donation and Aid Policy" is available on the corporate website.

2.3.16. General Assembly Meeting minutes, including the previous years, are available on the Company's corporate website ("www.doganholding.com.tr").

## 2.4. Voting Rights and Minority Rights

2.4.1. The Company avoids practices that make it difficult to exercise voting rights; all shareholders are given the opportunity to exercise their voting rights in the easiest and most convenient manner.

2.4.2. There is no regulation in the Articles of Association about any "upper limits" to be brought to the voting rights.

2.4.3. There are no privileged shares at the Company according to the Articles of Association.

2.4.4. According to the Articles of Association, all shares have one voting right at the Company.

2.4.5. There is no Company regulation that restricts the exercise of shareholder's voting rights for a certain period of time following the acquisition date of shares.

2.4.6. The Articles of Association do not contain any provision that prevents non-shareholders from voting as proxy as representative of a shareholder.

2.4.7. Shareholders have not expressed a demand concerning the representation of minority shares in management.

2.4.8. According to the Articles of Association, when the right of usufruct and the right of disposition of a share belong to different individuals, these individuals can agree among themselves on their preferred method of representation. Otherwise, the holder of the right of usufruct is entitled to participate in the General Assembly and cast a vote.

2.4.9. Since shareholders do not have cross-shareholding relations among themselves, no such vote was cast at the General Assembly.

2.4.10. Minority rights are granted to shareholders who control one - twentieth (5%) of the Company capital.

2.4.11. Articles of Association do not provide for the cumulative voting method.



## 2.5. Dividend Rights

The Company reaches dividend distribution decisions and distributes dividend in line with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly. The principles of our Dividend Distribution Policy are based on the Dividend Distribution Policy as disclosed to the public.

2.5.1. In case there is net distributable profit for the period, Dividend Distribution is made within the time frame stipulated in the Capital Markets Legislation and the CMB Regulations, at the shortest time following the general assembly meeting.

2.5.2. At the Ordinary General Assembly Meeting on March 31, 2017, it was resolved that no dividend would be distributed to shareholders for the year 2016 since the dividend distribution statement issued for the accounting period January 1, 2016 - December 31, 2016 has no distributable profit for the period.

2.5.3. According to the Company's Articles of Association, the Board of Directors may decide to make "advance dividend payments"; provided that it is authorized by the General Assembly and that such action complies with Article 20 of the Capital Markets Law, and the Capital Markets Board's related regulations. The authority granted by the General Assembly to the Board of Directors to make advance dividend payments is limited to the year it was granted. No decision can be made for additional advance dividend payments or distribution of dividends unless advance dividends for the previous year have been fully paid.

The principles of our Dividend Distribution Policy are as follows:

The Company may take dividend distribution decisions and distribute dividend in line with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly.

Our Profit Distribution Policy was updated with the Board of Directors' decision n.7 taken on February 28, 2014 and approved by the shareholders at the Ordinary General Assembly Meeting held on 31.03.2014.

Accordingly:

1- As a principle, at least 50% of the "net distributable profit for the period" calculated as per Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions is to be distributed, in consideration of the financial statements issued in compliance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions.

2- In case it is decided to distribute between 50% and 100% of the "net distributable profit" as dividend, the financial statements, financial structure, and the budget of the Company are taken into consideration when determining the dividend distribution ratio.

3- The dividend distribution proposal is disclosed to the public as per Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions, within the legal deadlines.

4- In case the "net distributable profit" calculated in line with the legal records kept within the scope of the Turkish Commercial Code and the tax laws is:

a. lower than the amount calculated as per Article 1, the "net distributable profit" calculated as per the legal records kept within the scope of this article hereby is taken into account and is distributed in its entirety,

b. higher than the amount calculated as per Article 1, action is taken as per Article 2.

5- In case there is no net distributable profit as per the legal records kept within the scope of the Turkish Commercial Code and tax laws; no dividend distribution can be made even if a "net distributable profit" has been calculated according to the financial statements prepared as per the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions.

6- In case the calculated "net distributable profit" is below 5% of the issued capital, it is possible that no dividend be distributed.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

7- The upper limit of the aid and donations that will be made by the Company within the accounting period in compliance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and as per the principles set forth in the Articles of Association shall be determined by the General Assembly. No donations may be made in amounts exceeding the limit set forth by the General Assembly, and the donations made shall be added to the "net distributable profit" basis.

8- The dividend distribution shall start latest by the 30<sup>th</sup> day following the General Assembly meeting where the distribution decisions were taken, and in any case, as of the end of the accounting period.

9- In line with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association, and as per the resolutions of the General Assembly, the Company may distribute the dividend in cash and/or "bonus shares," or may pay it in installments.

10- The Company may also pay dividends to individuals who are not shareholders, in line with resolutions by the General Assembly. In such a case, action shall be taken in compliance with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association.

11- The Company may decide to distribute and may distribute advance dividends in line with the Turkish Commercial Code; Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other relevant legislation, the Articles of Association, and General Assembly resolutions.

12- Investments requiring significant amounts of cash outflow to increase the Company value, significant issues affecting the financial structure, important economic, market or other uncertainties and problems outside the control of the Company shall be taken into account in making dividend distribution decisions.

2.5.4. The Company's "Dividend Distribution Policy" is included in the annual report and also made public via the corporate web site ("www.doganholding.com.tr").

## 2.6. Transfer of Shares

2.6.1. The Company's Articles of Association do not contain any provisions limiting the transfer of shares.

As indicated in the Articles of Association, share transfers are performed in line with Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, other CMB regulations, CRA rules, and other regulations on the dematerialization of shares.

## PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1. Corporate Website and its Contents

3.1.1. The Company's corporate website (www.doganholding.com.tr) is actively used for public disclosures, as stipulated in the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, and CMB Regulations/Resolutions.

3.1.2. An English version of the information that takes part in corporate website "www.doganholding.com.tr" is also available for the convenience of foreign investors.

3.1.3. The issues stipulated in the Principles are available on the corporate website "www.doganholding.com.tr" as well as the Corporate Governance Principles Report and Corporate Governance Rating Report.

### 3.2. Annual Report

3.2.1. The 2016 Annual Report and 2017 Interim Reports, are prepared in accordance with the provisions of the Turkish Commercial Code, Ministry of Customs and Trade's "Regulation on Determining the Minimum Content of the Annual Reports of the Companies" and CMB's Communiqué (II-14.1) on "Principles Regarding Financial Reporting in the Capital Markets" and the Communiqué.

## PART IV - STAKEHOLDERS

Since the Company is a holding company, it is not directly engaged in operational activities (such as production or service). Thus, the shareholders and investors are the most important stakeholders. Employees are the other important stakeholders of our Company. Customers that purchase products and services from and suppliers that provide products and services to our associate companies in the sectors where they carry out activities, are indirectly (if not directly) the other important stakeholders of our Company. Our Company actively participates in and provides support for the projects of the non-governmental organizations relevant with the sectors it carries out activities. Operational policies are performed in coordination with Group companies.

### 4.1. Informing Stakeholders

4.1.1. As explained in detail in the first part of this report, information is provided to all stakeholders via tools determined in conformity with the Capital Markets Legislation, Capital Markets Law, CMB Regulations/Decisions and the Company's Information Policy. Shareholders and stakeholders may contact individuals authorized under the **"Disclosure Policy."** Other employees are not authorized to reply the inquiries and requests coming from outside the Company.

4.1.2. Stakeholders can have access to information about the Company via meetings, presentations and the corporate website ("www.doganholding.com.tr") in conformity with the Capital Markets Legislation and the Company's Information Policy.

4.1.3. The Company also has an "Intranet site" (Doğan Biz) that is dedicated to the communication and notification of employees.

### 4.2. Stakeholder Participation in Management

4.2.1. The Company is in ongoing communication with its stakeholders. All feedback received by the Company from its stakeholders is evaluated and solution proposals are developed in contact with the units concerned. In case any employee transactions violate legislation or ethical principles, the stakeholders can contact the Company via various means of communication.

4.2.2. The Articles of Association do not include a written provision for stakeholder participation in the Company's management.

4.2.3. Employees are kept apprised of the general activities of the Company, and their suggestions are evaluated via the Intranet site.

### 4.3. Human Resources Policy

4.3.1. According to **"Human Rights Policy"** on the corporate website "www.doganholding.com.tr," Doğan Holding does its utmost to provide a peaceful working environment where individual employees are protected against any discrimination on the basis of race, nationality, religion, gender and belief, and where employee rights are respected. Furthermore, a key component of the Group's human resources policy is to give employees the chance to further their personal and professional development, and adapt themselves to innovation and change.

4.3.2. The Company's **"Human Resources Policy"** is available on the corporate website "www.doganholding.com.tr."

Human Resources practices within the framework of the common values and strategies of Doğan Holding and its group companies, are grouped under four main areas:

- Recruitment and orientation
- Training and development
- Performance and career management
- Remuneration system

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In human resources management, the Company aims to establish and manage systems which will create a convenient work environment for the personal and professional development of employees, to create the right climate for lifelong learning, to measure and evaluate performance according to objective criteria and to assess individual differences in an accurate fashion. To this end, the Company rewards high performance and supports the development of those who perform worse than expected.

The Company's main principle is to recruit qualified employees within the structure, to implement competitive award management with the aim of increasing their loyalty, and thus to award its employees' contribution and success. If the employees show exclusive success and/or do work that exceeds the performance and responsibility they are expected to fulfill, the Company believes that they should be appreciated and awarded; and that such awards would make employees show higher effort above the standards and would encourage them to score significant success.

4.3.3. The Company does not discriminate among its employees and treats all employees equally. Neither the Company management nor the Board Committees have received any complaints in this regard. Relations with employees conducted by Directorate of Human Resources. There are no unionized employees at the Company.

4.3.4. Our Company's **"Occupational Health and Safety Policy"** is available on the corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

4.3.5. According to the "Compensation Policy" on corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr);" as per the Turkish Labor Law, our Company is responsible to provide employment termination benefit to employees - provided that they have completed one year of service in the Group - who are: dismissed for no reason, called for military duty, deceased or who retire after 25 years of service (20 years for women), and who reach the retirement age (58 for women; 60 for men). The amount that will be paid is equal to one-month salary at most for each year of service provided that it is limited with the employment termination benefit's upper limit that was: determined with the Public Servants Arbitration Board decision n.2012/1, and announced within the framework of the coefficients stipulated by the Ministry of Finance.

## 4.4. Code of Ethics and Social Responsibility

4.4.1. The Company's **"Code of Ethics and Conduct"** was publicly announced on the corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr)." The "Code of Ethics" is continuously revised and can be improved as it is updated in accordance with the circumstances of the day.

4.4.2. The **"Anti-Bribery and Anti-Corruption Policy"** of the Company is available on the corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

4.4.3. As a result of its corporate structure and employees with highly developed social awareness, the Company undertakes social responsibility projects utilizing the common synergy of the companies within its corporate structure. During the management of its own business and the business of its subsidiaries, the Company makes sure to fulfill its responsibilities as regards the prevention of environmental pollution and the preservation of natural resources. **"Social Responsibility Policy"** of the Company is available on the corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

Together with the companies under its umbrella, the Company produces and supports projects that highlight social issues and contribute to social development of the community, with a special emphasis on educational projects. Social Responsibility Projects are available on the Corporate Website "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

4.4.4. The **"Publishing/Broadcasting Principles"** are separately specified for our lines of business in publishing, and broadcasting. Furthermore, these principles are available on the corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

## 4.5. Sustainability Index

4.5.1. The "Environmental Policy" of the Company is available on the corporate website "[www.doganholding.com.tr](http://www.doganholding.com.tr)."

4.5.2. The Company was included into BIST Sustainability Index in 2016. Within the scope of determining the companies that will be included in the "BIST Sustainability Index" between November 2018- October 2019, a decision was taken and announced by Borsa İstanbul on January 08, 2018 to add Doğan Holding to the category of companies subject to assessment.



## PART V - BOARD OF DIRECTORS

### 5.1. Structure and Formation of the Board of Directors

5.1.1. The Board of Directors is made up of nine members, of whom five are non-executive, one executive and three are independent. The Company complies with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions in the formation and election of the Board of Directors. The guidelines on this issue are provided by the Articles of Association. Accordingly, the Company is managed and represented by a Board of Directors with at least six and at most 12 members elected by the General Assembly.

5.1.2. A certain number or ratio of the Board Members is required to be independent members, as defined by the Communiqué. The determination, nomination, number and qualifications, selection, dismissal and/or resignation of the Independent Board Members are carried out in compliance with Capital Markets Law, Communiqué, CMB regulations and resolutions, and other relevant legislation.

5.1.3. The full names and resumes of the Board Members are as follows:

Member	Duty	Notes
Yaşar Begümhan Doğan Faralyalı	Chairwoman	Non-executive
Hanzade Vasfiye Doğan Boyner	Vice Chairwoman	Non-executive
Arzuhan Yalçındağ	Member	Non-executive
Vuslat Sabancı	Member	Non-executive
Yağmur Şatana <sup>(1)</sup>	Executive Member	Member/Executive Director/CEO/Executive
İmre Barmanbek	Member	Non-executive
Tayfun Bayazıt	Member	Independent member
Ahmet Vural Akışık	Member	Independent member
Hacı Ahmet Kılıçoğlu	Member	Independent member

<sup>(1)</sup> Appointed as an executive member on October 3, 2017.

Resumes of the Members of the Board of Directors are also available on the corporate website. ([www.doganholding.com.tr](http://www.doganholding.com.tr))

5.1.4. The members are limited to a three-year term in office and after the three years members can be reappointed for the next period. Board Members were elected at the Ordinary General Assembly dated March 31, 2017 to serve until the Ordinary General Assembly when the accounts and activities of the year 2017 will be discussed.

5.1.5. There are three independent members on the Board of Directors. In line with the Communiqué, independent members constitute one-third of the Board. The Chairperson of the Board of Directors and President of the Executive Committee are not the same individual. More than half of the Board Members are non-executive.

5.1.6. Statements of independence of three candidate Independent Board Members were evaluated by the Board of Directors and subsequently disclosed to the public after the decision n.2017/9 taken on March 10, 2017. The Company asks for written statements from the Independent Board Members to prove that they satisfy the 'independence' criteria. As of the date of this report, there exists no circumstance that would compromise the independent status of the Company's Independent Board Members. The statements of independence of Independent Board Members are presented below:

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT



## STATEMENT OF INDEPENDENCE

DATE: 07.03.2017

### TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Respectfully,

Tayfun Bayazıt



## STATEMENT OF INDEPENDENCE

DATE: 07.03.2017

### TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Respectfully,

Ahmet Vural Akışık



## STATEMENT OF INDEPENDENCE

DATE: 07.03.2017

### TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Respectfully,

Hacı Ahmet Kılıçoğlu

5.1.7. According to our Articles of Association the members of the Board of Directors may assume duties in the board of directors of the associates, subsidiaries, and joint ventures in order to protect, oversee, monitor, guide and audit the interests of the Company and shareholders. Moreover, the members of the Board of Directors may assume tasks and duties in associations working for public interest, in foundations, in institutions and organizations working for public interest or making scientific research, development activities, and universities, and in educational institutions and etc. Other duties can be assumed with the approval of the Board of Directors and within the scope of the principles the Board will accept. Our implementations in this field are reviewed consistently in line with the current conditions.

The duties of the members of the Board of Directors, outside the Company are given below:

Full Name	Notes
Yaşar Begümhan Doğan Faralyalı	Chairwoman, Deputy Chairwoman and Board Member of various Group companies
Hanzade Vasfiye Doğan Boyner	Honorary Chairwoman, Chairwoman and Vice Chairwoman of various Group companies
Arzuhan Yalçındağ	Chairwoman and Board Member of various Group companies
Vuslat Sabancı	Chairwoman and Board Member of various Group companies
Yağmur Şatana	Chairman, Vice Chairman and Board Member of various Group companies
İmre Barmanbek	Chairwoman and Board Member of various Group companies
Tayfun Bayazıt	Founder and owner of Bayazıt Yönetim Danışmanlık Ltd; Board Member of various non-group companies
Dr. Ahmet Vural Akışık	None
Hacı Ahmet Kılıçoğlu	Independent Board Member and President of the Audit Committee of various Group companies; Board Member of various non-group companies

5.1.8. The Board of Directors is composed of nine members and has five female members. Our Company complies with the non-compulsory principle of the Communiqué "At least 25% of the members of the Board of Directors must be female members."

## 5.2. Principles of the Activities of the Board of Directors

5.2.1. The Board of Directors is structured at the ultimate level that will provide effectiveness. In this aspect, utmost attention is paid to complying with the Capital Markets Law, CMB Regulations, Communiqués and Decisions. Principles regarding the issue were determined with our Company's Articles of Association.

a) The members of the Board of Directors must be elected from among the persons who have the fundamental knowledge about the legal principles that regulate the transactions and operations regarding the Company's field of activity, are well-informed and experienced about company management, are competent in analyzing financial statements and reports, preferably have had higher education.

b) The Board of Directors is obligated to carry out the task and duties granted by the legislation in effect and the Articles of Association herein. All tasks and transactions that do not require a General Assembly decision according to the regulations of the laws and the Articles of Association herein are carried out by the Board of Directors.

The Board of Directors carries out its duties and uses its powers in line with the Turkish Commercial Code, Capital Markets Law, Communiqué, Capital Markets Board regulations and decisions, Articles of Association and the provisions of legislation in effect.

Bodies and persons assigning (transferring) - in conformity with the law - a duty or a power arising from the Law or the Articles of Association, to other persons, will not be responsible for the acts and decisions of these persons unless it is proven that these bodies and persons have paid insufficient attention in selecting these persons.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

While carrying out the duties and responsibilities granted by the laws and the Articles of Association, the Board of Directors without setting aside its responsibility may partially assign these duties and responsibilities to the committees within the company by clearly specifying their functions.

c) The Board of Directors represents the Company. Upon the decision taken by the Board of Directors, the power to represent the Company can be assigned to one of the members of the board of directors or to one or more executive members or to third parties who are managers. At least one Board Member must be authorized to represent the Company. Unless a notarized copy of the decision, indicating the persons entitled to represent the Company and the method of representing, is registered and published in the trade registry, the transfer of the authority will not be valid. Limitation of the power to represent, does not set forth any terms and conditions for bona fide third parties; however, the registered and announced restrictions on using the power to represent the company from a single center or branch or altogether, are applicable. 371<sup>st</sup>, 374<sup>th</sup> and 375<sup>th</sup> Articles of the Turkish Commercial Code are reserved. In order to ensure that all documents that will be provided and agreements that will be made by the Company are valid, they must have the signatures of the persons authorized to represent the Company, under the Company's trade name.

d) According to the Articles of Association of the Company; within the scope of the provisions of the Internal Directive that will be prepared as specified in the 367<sup>th</sup> Article of the Turkish Commercial Code and in the Articles of Association, the Board of Directors is entitled to partially or entirely assign (transfer) the management to one or more members of the board of directors, to the third parties, and to the Boards or Committees it will establish; without prejudice to the provisions of the 375<sup>th</sup> Article of the Turkish Commercial Code and the Capital Markets legislation and other legislations.

The Board of Directors may also assign tasks by determining the executive members who will assume a part of its powers and specific Company operations, and monitor the implementations of the Board's decisions. In such case, the scope of the responsibilities of each executive Board Member will be specified by the Board of Directors. The executive members assume all powers and responsibilities within the scope covering the tasks and duties assigned to them. As a rule, the other members of the board of directors will not be responsible for transactions within this scope; without prejudice to the duties and powers within the scope of the non-negotiable powers that are only assumed by the board of directors. More than half of the members of the Board of Directors cannot assume executive tasks or duties, and this issue is taken into consideration particularly in specifying the tasks and duties of the members.

5.2.2. All information is promptly provided to the members of the Board of Directors in order to ensure that they fulfill their duties.

5.2.3. In the 01.01.2017-31.12.2017 accounting period, the Board of Directors convened with a frequency that would help them carry out their tasks efficiently, and physically held 4 Board of Directors meetings constituting a meeting quorum. While the Members of our Board of Directors attended the meetings with minimum 70% participation, all (100%) Independent Members of our Board of Directors were present in these meetings. Within 2017, the Board of Directors has taken 30 (29 in 2016) Board of Directors Decision. Regarding the Board of Directors Decisions, participation was ensured in all meetings and decisions in accordance with the legislation, and no dissenting opinion was presented.

5.2.4. A Secretariat is present under the Chairmanship of the Board of Directors in order to regularly file the documents about the Board of Directors meetings with the aim of providing service for all members of the Board of Directors.

5.2.5. Our Board of Directors meetings are planned and held effectively and efficiently. As specified in our Company's Articles of Association:

a) The Board of Directors convenes with regularity that will help the Board effectively carry out its tasks and duties.

b) As a rule, the Board of Directors convenes upon the call made by the Chairman or the Vice Chairman. All members of the Board of Directors may make a written request from the Chairman or the Vice Chairman (if the Chairman is not present), to make a call for the Board of Directors meeting.

c) Information and documents about the issues on the Board of Directors meeting agenda are presented to the members of the board of directors within a reasonable period of time in prior to the meeting ensuring equal flow of information. However, with a Board of Directors decision, it is legally possible to make meetings in another location of the city of the headquarters or in another city.

d) In principle, members of the Board of Directors are to attend the meetings in person; while it is possible to attend the meetings via any type of technological method enabling remote access. The opinions, submitted in writing, of the members who are not able to attend the meeting, will be presented for the information of the other members.



e) All Board resolutions are recorded in the meeting minutes and signed by the participants of the meetings. The Board members who cast negative votes must sign the meeting minutes with their justifications for their negative votes. Board resolutions, meeting minutes, related documents and correspondence are kept and regularly archived by the Board of Directors Secretariat. In cases where the affirmative votes of the independent Board members are required, if they cast negative votes, the measures required by the Capital Markets Law and Capital Markets Legislation are implemented.

f) The Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the members present at the meeting. In case of equality of the votes, the issue voted is added on the agenda of the next meeting; and is considered rejected if the votes are equal in that meeting, too. Each Board member has only one voting right regardless of his/her position and duty.

g) It is legally possible to take a decision on the proposal given by one of the members, with the written consents of the other members in compliance with the relevant provisions of the Turkish Commercial Code.

h) Persons entitled to attend the Company's Board of Directors meeting, may also attend these meetings on electronic environment in conformity with the 1527<sup>th</sup> Article of the Turkish Commercial Code. In conformity with the provisions of the Communiqué on the "Boards to be held on Electronic Environment other than the General Assemblies of the Joint Stock Companies" the Company can set up the Electronic Meeting System that will enable the entitled persons to participate and cast votes in these meetings on electronic environment or purchase such systems developed for this purpose. In the meetings to be held, it is ensured that the entitled persons are able to use, within the framework of the provisions of the Communiqué, their rights stipulated in the relevant legislation, on the system installed in line with this Article of the Articles of Association of the Company or on the system with support services to be purchased.

5.2.6. In 2017, all Board of Directors decisions were taken with the unanimous votes of the members who attended the meetings. There were no decisions where members casted negative votes.

5.2.7. Losses that may be caused by the members of the Board of Directors as a result of their faults during their term of office, are insured with a policy that has a value not exceeding 25% of the company capital. Members of the Board of Directors and the Executives of our Company and our joint ventures are covered in the insurance policy, and the value covered in the policy is EUR 15 million.

### 5.3. Number, Structure and Independence of Board Committees

5.3.1. In line with legal regulations, as well as the position and requirements of the Company, four committees were formed to ensure that the Board of Directors successfully exercises its duties and responsibilities. These committees are the Executive Committee, the Audit Committee, the Corporate Governance Committee, and the Early Risk Detection Committee.

5.3.2. Charters regarding the functioning of the committees are stated in the Articles of Association.

5.3.3. Also the Audit Committee, Corporate Governance Committee and the Early Risk Detection Committee each have a written charter approved by the Board of Directors and publicly disclosed through the Company's website "www.doganholding.com.tr." This charter was created carefully and in due consideration of the Capital Markets Legislation, CMB regulations, Communiqués and Resolutions, Articles of Association and the best practices. The committees' charters are reviewed according to legislative changes and changing circumstances. The committees, except the Early Risk Detection Committee, convene at least every three months. The Early Risk Detection Committee convenes at least six times in a year.

5.3.4. Members of the Executive Board are listed below. Members of the Executive Board were elected with the Board of Directors' decision n.2017/19 (date: 17.08.2017) to serve until the Ordinary General Assembly Meeting regarding the 01.01.2017-31.12.2017 accounting period.

Full Name	Title	Other Duties in the Corporation	Duties in Other Committees
Yağmur Şatana	CEO	President, Executive Board	None
Ahmet Toksoy	Member	Chief Financial Officer (CFO)	None
Tolga Babalı	Member	Executive Committee Member (Financial and Operational Management)	Early Risk Detection Committee Member
Vedat Mungan	Member	Executive Committee Member (Strategic Planning and Business Management)	None

<sup>(1)</sup> Appointed as Chairman of the Executive Board on the 3<sup>rd</sup> of October 2017.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

5.3.5. The Board of Directors elected Tayfun Bayazit as the President and Hacı Ahmet Kılıçoğlu as the Member of the Audit Committee regarding the resolution n.2017/12, to serve until the Ordinary General Assembly concerning the 01.01.2017 – 31.12.2017 accounting period.

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazit	President	Independent Board Member (Non-executive)	Independent	President of Corporate Governance Committee and Early Risk Detection Committee
Hacı Ahmet Kılıçoğlu	Member	Independent Board Member (Non-executive)	Independent	None

5.3.6. The members of the Audit Committee are individuals who have the qualifications required by their duties. They were elected among Independent Board Members, who are neither executive members nor executive directors.

5.3.7. The Audit Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's Regulations, Communiqués and Resolutions. Within this framework, in 2017:

- Annual/interim financial statements, footnotes and independent audit reports of the Company were reviewed before publicly disclosed and meetings were made with the independent audit company;
- The Independent Audit Agreement was reviewed, and an advisory decision was taken about selecting an Independent Audit Company,
- Results of the internal audit activities and measures taken were reviewed.

5.3.8. Regarding the resolution n.2017/12 taken on May 9, 2017, Corporate Governance Committee Members elected to carry out tasks until the first Board of Directors meeting that will be held after the Ordinary General Assembly Meeting where the results of the 2017 activities will be discussed are listed below with their duties:

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazit	President	Independent Board Member (Non-executive)	Independent	President of Audit Committee and Early Risk Detection Committee
İmre Barmanbek	Member	Board Member (Non-executive)	Dependent	None
Dr. Murat Doğu	Member	Financial Affairs Vice President and Head of Investor Relations	Dependent	None
Banu Çamlıtepe	Member	Investor Relations Director	Dependent	None

5.3.9. The Corporate Governance Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's Regulations, Communiqués and Resolutions. Within this framework, in 2017:

- The Corporate Governance Committee reviewed the annual report and corporate governance compliance reports of the Company before they were publicly reported.
- The process of getting a corporate governance rating was coordinated.
- Tasks were carried out regarding the activities of the Investor Relations Department.
- The improvement of the corporate website "www.doganholding.com.tr" was supervised while monitoring if it is kept up to date or not.
- Activities were coordinated within the scope of Borsa İstanbul Sustainability Index.
- Developments outside the country and the relevant legislations regarding corporate governance were followed.

5.3.10. The rating company SAHA, that has an activity license to perform rating in Turkey in conformity with the Capital Markets Board's Corporate Governance Principles, updated the rating score of Doğan Holding and increased it to 9.41 (94.06%) out of 10. This issue was publicly disclosed via Public Disclosure Platform on November 6, 2017. Corporate governance ratings are available on our Company's corporate website "www.doganholding.com.tr."

5.3.11. Members of the Early Risk Detection Committee were elected with the Board of Directors' decision n.2017/12 (date: 09.05.2017) to serve until the Ordinary General Assembly Meeting regarding the 01.01.2017-31.12.2017 accounting period. The information about the members of the Early Risk Detection Committee is below:

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazıt	President	Independent Board Member (Non-Executive)	Independent	President of Audit Committee and Corporate Governance Committee
Selma Uyguç	Member	Legal Affairs Vice President	Dependent	None
Tolga Babalı	Member	Executive Board Member Financial and Operational Management	Dependent	None
Tahir Ersoy	Member	Director of Financial Control and Tax Management	Dependent	None

The Early Risk Detection Committee, which convened six times in 2017 (2016: 6), evaluates the risks that may affect the Company and its subsidiaries.

5.3.12. The committees convene as frequently as is required by their activities, upon the invitation of the Committee President. The Committees of the Company operate within the context of their authorities and responsibilities and submit proposals to the Board of Directors. However, the final decisions are made by the Board of Directors.

5.3.13. Members except Tayfun Bayazıt, Independent Board Member, do not assume duties in more than one committee.

#### 5.4. Risk Management and Internal Control Mechanism

5.4.1. The effectiveness of the Risk Management and Internal Control systems is ensured by the Committees that are established in conformity with the Articles of Association and the Turkish Commercial Code, the Capital Markets Law and Capital Markets Regulations.

Financial, operational and compliance risks are identified and measured within the framework of Corporate Risk Management. Processes of detecting, identifying, and tracking the risks that may be incurred by the Company and its affiliates, are carried out under the supervision of; the Executive Board, the Early Risk Detection Committee, Group Presidency of Internal Audit and Risk Management, Chief Financial Officer, and relevant Vice Presidencies of Financial Affairs. In order to control and reduce the risks that may be incurred by the Company and its affiliates, risk management activities are carried out under the supervision of the Holding's CFO in charge of Financial Affairs and the CRO in charge of Audit and Risk Management. Furthermore, these activities are evaluated by the Holding's Executive Board, and shared with the top management of the Group companies and the affiliates at meetings regularly organized within the year.

Furthermore, the Audit Committee monitors the results of the Internal Audit studies performed within the scope of Internal Audit activities as well as the measures taken. Internal audit and internal control activities within the Holding, are coordinated by the Audit Committee, and carried out under the supervision of the CRO in charge of Audit and Risk Management within the Group, directly reporting to the Chairman of the Board of Directors. Furthermore, "Doğan Internal Control Framework Brochure" issued according to COSO 2013 Internal Control - Integrated Framework, is used as a guide in Corporate Risk Management and Internal Control topics.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## 5.5. Strategic Goals of the Company

5.5.1. Our vision is to undertake effective and sustainable investments that will contribute to transparency in society and to the general welfare and stability in the economy, through relevant service, commercial and industrial platforms. Our mission is to monitor, innovate and implement state-of-the art commercial and technological products and applications in final consumer industries in Turkey and other prospective markets abroad; and develop and maintain the necessary corporate assets and capabilities to ensure proper execution of these objectives.

5.5.2. Our vision and mission is publicly announced via our Company's corporate website "www.doganholding.com.tr."

5.5.3. The strategic goals determined by the executives of the Company in accordance with the plans of the Company are presented for the approval of the Board of Directors.

5.5.4. The performance of the Company and its subsidiaries is monitored in the Executive Committee meetings held every week and necessary measures are taken.

5.5.5. The Board of Directors and senior management of the Company continuously monitor the status of the Company and its subsidiaries against its strategic goals. Through regular and frequent management meetings, the Company's position is evaluated and new goals and strategies are formulated.

## 5.6. Remuneration of Board Members

5.6.1. According to the Articles of Association of our Company, decisions regarding the payments made to the members of the Board of Directors such as per diem, salaries, dividends, bonuses and premiums are taken by the General Assembly. The financial rights of the members of the Board of Directors may vary depending on their tasks, duties, powers and responsibilities in the Board of Directors.

The financial benefits of the independent Board Members are determined according to Capital Markets Legislation, CMB's regulations, communiqués and resolutions and other relevant legislation.

The Board of Directors decides whether or not any payments will be made to committee chairmen and members for their tasks and duties in the committees and determines the amounts and terms and conditions in case of any payments are made.

In conformity with the CMB Regulations and Decisions, the "**Remuneration Policy**" of our Board of Directors was created; was submitted for the information of the shareholders at the General Assembly; and was publicly disclosed. The Company's Remuneration Policy is available on the Corporate Website "www.doganholding.com.tr."

5.6.2. At the Ordinary General Assembly meeting held to discuss the 2016 activities, it was decided by majority vote that the independent members of the Board of Directors are paid a net amount of TL 10,000 per month and other members of the Board of Directors are paid a net amount of TL 7,000. Apart from this, there is no performance based salary paid to the non-executive members of the Board of Directors.

5.6.3. Doğan Holding's key management personnel are the members of the Board of Directors, Board of Directors Consultant, Chairman and Vice Chairmen, Chief Legal Officer, Directors, et al. Benefits received by the key management personnel, such as salaries, premiums, health insurance, communication and transport, are specified below:



<b>TL thousand</b>	<b>2017</b>	<b>2016</b>
Salaries and other short term benefits	20,393	17,742
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Share based payments	-	-
<b>Total</b>	<b>20,393</b>	<b>17,742</b>

5.6.4. The Company did not lend money, extend credit, or extend credit such as personal loans by means of third parties or did not give surety to any of the Members of the Board of Directors or executive managers.

## PART VI - THE COMPANY'S CURRENT STATUS IN THE ISSUE OF COMPLYING WITH THE CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Committee continues its activities to improve the Corporate Governance practices. As of the activity period that ended on 31.12.2017, the Company complies with all compulsory Corporate Governance Principles ("Principles") of the Capital Markets Law and the Communiqué. Utmost attention is paid to comply with the non-compulsory Principles of the Law and Communiqué. As explained in this Report, we think there will not be any significant conflict of interests in the current situation regarding the non-compulsory Principles with which the Company has not yet fully complied.

Our Company considers the fact that we partially or completely are not complying with the non-compulsory Principles n.1.2.1., n.1.5.2., n.3.2.1., n.3.2.2., n.3.3.3., n.3.3.4., n.3.3.5., n.4.2.8., n.4.5.5. and n.4.6.5. of the Corporate Governance Principles. However, we think there will not be any significant conflicts of interest in the current situation regarding this issue. Principles n.3.2.1., n.3.2.2., n.3.3.3., n.3.3.4., and n.3.3.5 are mainly about the fields that are considered under the topics supporting the stakeholders' participation in Company management (employees) and the Company's human resources policy. Thus, enhancement will be continued in these fields in 2018. Regarding Principle n.4.2.8.: existing insurance limits can be revised considering the fact that the Company capital is high. Regarding Principle n.4.5.5: enhancement will be made within the scope of our means considering the fact that there are quite a number of committees that must be established as per the Turkish Commercial Code, Capital Markets Law and Communiqué. Regarding Principle n.4.6.5.: as of the current situation, the financial rights of the Company's executive managers are considered as trade secrets within the scope of competitive power.

# OTHER OBLIGATORY DISCLOSURES

## A. GENERAL INFORMATION

### Accounting period for the report:

This activity report covers the period from January 1, 2017 to December 31, 2017.

### Company's trade name, trade registry number, contact details of headquarters and branches, and website:

Trade Name	Doğan Şirketler Grubu Holding A.Ş.
Date of Establishment	September 22, 1980
Trade Registry Number	175444
Central Trade Registry System (MERSIS) No.	0306005092400010
Tax Office	Büyük Mükellefler Vergi Dairesi
Tax No	3060050924
Paid-In Capital	TL 2,616,938,288
Registered Capital Ceiling	TL 4,000,000,000
Stock Exchange	Borsa İstanbul A.Ş.
Ticker	DOHOL
Public Offering Date	June 21, 1993
Address	Burhaniye Mahallesi, Kısıklı Caddesi, No: 65, 34676 Üsküdar/İstanbul
Website	www.doganholding.com.tr
E-mail	ir@doganholding.com.tr
Tel	0216 556 9000
Fax	0216 556 9200

### Explanations about privileged shares and shareholders' right to vote, if any:

There are no privileged shares in Doğan Holding.

### Personnel movements, their rights and benefits:

As of December 31, 2017, the Company has 118 employees (December 31, 2016: 133 employees).

Doğan Holding determines and regularly revises its remuneration policy based on the performance evaluation system results and current market trends. Doğan Holding has adopted the principle of "equal pay for equal work" in its approach. The Holding applies a remuneration policy based not on the individual but the job definition across all Group companies. The annual salary raises of employees are reflected in their wages with the approval of Doğan Holding Chief Executive Officer at the dates that the employer deems convenient. All employees benefit from benefit packages that depend on their work level. Our remuneration policy is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

The General Assembly of the Company decides on the remuneration, rights and benefits of the Board Members every year. In addition to the attendance fee received by all Board Members, members holding executive positions may also be paid a monthly salary and benefits for their duties in the Company. In addition, senior managers and other personnel who have a say in management can be entitled to additional premiums or awards in line with their performance. Note 33 to the consolidated financial statements for the accounting period ending on December 31, 2017 provides information on the **payments made to the key management personnel**.

### Company executives' transactions with the Company on their own behalf or on behalf of third parties, or their activities falling under a non-compete clause within the scope of the permission by the General Assembly:

Except for those transactions banned by the Turkish Commercial Code, Board Members receive the permission of the General Assembly to conduct the transactions outlined in the Turkish Commercial Code's Articles 395 and 396. According to the information available on Doğan Holding, Board Members did not conduct any commercial activities on their own behalf or on behalf of third parties in the Company's business line in the period 01.01.2017-31.12.2017.

#### **Amendments to the Articles of Association within the period and their reasons:**

No amendments were made to the Articles of Association in the accounting period 01.01.2017-31.12.2017.

## **B. REMUNERATION OF THE MEMBERS OF MANAGING BODIES AND OF SENIOR EXECUTIVES**

#### **Remuneration of the members of managing bodies and of senior executives:**

The 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 total compensation amount of board members and key management personnel (which includes salaries, bonus, health insurance, communication and transportation benefits) is provided in **Note 33 – Related Party Disclosures** in the financial statements for the accounting period 01.01.2017-31.12.2017.

#### **Senior executives:**

Information on Doğan Holding's senior executives is available on the corporate web site ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

## **C. COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES**

In the accounting period 01.01.2017-31.12.2017, Doğan Holding did not engage in any research and development activities or incur related costs. However, Doğan Holding's direct subsidiaries, Hürriyet and Ditaş, earned the right to establish R&D Centers in 2017.

## **D. COMPANY'S ACTIVITIES AND SIGNIFICANT DEVELOPMENTS CONCERNING THE COMPANY'S ACTIVITIES**

#### **Company's area of activity and sectors where it operates:**

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding," "Holding" or "Group") was established on September 22, 1980 and is registered in Turkey. The 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.

#### **Information on the Company's investments made in the accounting period:**

In the accounting period 01.01.2017-31.12.2017, Doğan Holding's tangible and intangible assets and investment properties totaled TL 1,011,410 thousand (December 12, 2016: TL 843,249 thousand).

#### **Information regarding the Company's internal control system and internal audit activities, and the Board of Directors' assessments on this issue:**

At Doğan Holding, utmost attention is paid to ensure that the internal audit and internal control mechanisms work effectively; thus, the internal audit unit reports directly to the Chairperson of the Board of Directors. Internal audit and internal control activities within the Holding are coordinated by the Audit Committee and carried out under the supervision of the Chairperson of the Board of Directors.

#### **Company's shares in direct or indirect subsidiaries:**

The Company has direct or indirect subsidiaries. The relevant information and shareholding ratios are presented in the footnotes of the consolidated financial statements for the accounting period 01.01.2017 - 31.12.2017. This information is disclosed on Doğan Holding's corporate web site ([www.doganholding.com.tr](http://www.doganholding.com.tr)) and the Public Disclosure Platform ("KAP") ([www.kap.org.tr](http://www.kap.org.tr)).

#### **Information about the Company's acquisition of its own shares:**

In the accounting period 01.01.2017-31.12.2017, the Company did not acquire any of its own shares.

With the decision dated 1 December 2016, the Board of Directors of the Group has authorized the 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,

## OTHER OBLIGATORY DISCLOSURES

taking into account the fourth, fifth and sixth paragraphs of the fifth article of the CMB's Communique on Share Buybacks (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 buybacks shall be TL 5,200,000 and the maximum number of shares to be repurchased will not exceed this amount.

In this context, 3,200,000 Company shares were purchased by the Company at TL 0.65 per share, from Borsa Istanbul.

### Information regarding any private or public audit during the accounting period:

Within the January 1, 2017 - December 31, 2017 accounting period, Doğan Holding was not subject to any private or public audit.

### Lawsuits against the Company, which could affect its financial situation and activities, and their possible outcomes:

Lawsuits against the Company and the provisions set aside for possible lawsuit damages, categorized according to the types of lawsuits, are provided in Note 17 of the consolidated financial statements for the accounting period ending on December 31, 2017, under the title – **Provisions, Contingent Assets and Liabilities/(a) Lawsuits**. As of December 31, 2017, lawsuits against the Group amounted to TL 82,044 thousand (December 31, 2016: TL 85,208 thousand).

### Administrative or legal sanctions imposed on the Company, or its executives due to actions in violation of law:

During the period, no administrative or legal sanction was imposed upon the Company or its executives due to actions in violation of law.

### Attainment of targets set in previous periods, implementation of General Assembly resolutions, and any reasons for failure to attain targets or implement resolutions, and assessments:

Within the January 1, 2017 - December 31, 2017 accounting period, our Company implemented all General Assembly resolutions.

### If an Extraordinary General Assembly was held during the year, information on the assembly inclusive of the date of the meeting, decisions reached at the meeting, and any action duly taken:

During the accounting period 01.01.2017-31.12.2017, no Extraordinary General Assembly Meeting was held.

### Information regarding the aid and donations made by the Company within the year, and spending on social responsibility projects during the year:

In the accounting period 01.01.2017-31.12.2017, the Company made such expenditures totaling TL 2,279 thousand:

Aid and Donations (Turkish Liras)	
Education	1,965,820
Environment and Other	313,348
<b>Total</b>	<b>2,279,168</b>

### If the Company is a subsidiary in the Group companies, legal transactions that were made with the parent company, with the associates of the parent company, upon the instruction of the parent company for the benefit of the parent company or its subsidiary; and all other measures that were taken or that were avoided for the benefit of the parent company or its subsidiary in the previous operating year:

In the reporting period, the Company carried out no legal action in favor of the parent company or any subsidiary thereof, with instructions by the parent company. The Company did not take or avoid taking any measures, or carry out any transaction which needs to be redressed in favor of the parent company or its subsidiaries.



**If the Company is a subsidiary in the Group companies, in case the legal transaction mentioned above is made or in case the measure is taken or avoided, whether or not appropriate consideration is obtained for each of the legal transactions and, whether or not the measure that was taken or that was avoided inflicted any losses on the Company; and, if it did, whether this loss was compensated or not according to the circumstances within their knowledge:**

Since the Company did not take any action falling under the scope of the previous paragraph; there are no damages to be redressed.

**Information regarding the Ordinary General Assembly meeting:**

FY2016 activity results of the Company were discussed at the Ordinary General Assembly Meeting on March 31, 2017 at the Company Headquarters. The meeting quorum was 70.95% at the Ordinary General Assembly Meeting held on March 31, 2017 while 1,856,680,244.304 shares were represented out of 2,616,938,288 shares representing the Company capital. As per the Articles of Association, the invitation to the meeting was published on the Turkish Trade Registry Gazette and placed on the corporate web site, CRA's Electronic General Assembly System (e-GKS) and Public Disclosure Platform ([www.kap.org.tr](http://www.kap.org.tr)) three weeks prior to the meeting date. General Assembly Meetings are held at the Company Headquarter in order to facilitate shareholders' attendance.

In the call and announcement regarding the General Assembly meeting, our Company complies with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, Capital Markets Board Regulations/Decisions, and the Articles of Association. Prior to General Assembly meetings, the "Proxy Voting Form" and the detailed "General Assembly Information Document" specifying the agenda items and the reasons adding these items on the agenda of the General Assembly were presented, within the legal timeframe before the meeting, for the shareholders' information and review in conformity with the Turkish Commercial Code and Communiqué. General Assembly meetings are organized in a manner that will not create any inequality among the shareholders, at the lowest cost possible for the shareholders, and in the least complicated procedures. General Assembly meeting minutes, including previous years, are available on the Company's corporate website at the web address of [www.doganholding.com.tr](http://www.doganholding.com.tr).

**Subsequent Events:**

Subsequent events are available in the financial statements' **Note 37 – Subsequent Events**.

## **E. FINANCIAL SITUATION**

**Board of Directors' evaluations regarding loss of Company capital or deep-in-debt situation:**

As of December 31, 2017, shareholders' equity amounted to Turkish Lira 3,000,066 thousand, and was 15% higher than the issued capital, which stands at TL 2,616,938 thousand. This ratio is an indicator of the strong equity structure of the Company.

**Measures planned to be taken to improve the financial structure of the Company, if any:**

As of December 31, 2017, consolidated net debt, calculated as the sum of the consolidated financial debt, other financial long term liabilities and other debt<sup>(14)</sup> amounted to Turkish Lira 2,250,899 thousand, while total debt rose 33.4% year-on-year to Turkish Lira 4,031,109 thousand (December 31, 2016: Turkish Lira 3,021,852 thousand). The share of bank loans in foreign currency in total short and long term bank loans fell from 49.3% (as of December 31, 2016) to 38.1% as of December 31, 2017. The maturity structure of the cash and financial debt of the Group are continuously monitored in terms of the financial risk management factors such as interest risks and FX risks.

**Information on the Dividend Distribution Policy, and if no dividend distribution is to take place, proposal on the use of the undistributed profit:**

Doğan Holding's Dividend Distribution Policy is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)). As there was no profit for the January 1, 2017-December 31, 2017 accounting period, according to the audited financial statements, it was decided to not distribute any dividend distribution. The proposal for dividend distribution and the dividend distribution statements, which will be approved at the General Assembly, are available on the Public Disclosure Platform (PDP), in the 2017 Annual Report, and on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

**Information on the quality and quantity of any capital markets instruments issued, if any:**

No capital markets instrument was issued in the accounting period 01.01.2017-31.12.2017.

<sup>(14)</sup> Other debt includes the Group's subsidiary Aytemiz Akaryakıt to Aytemiz Family.

## OTHER OBLIGATORY DISCLOSURES

### F. RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS

**Information, if any, on the risk management policies that the Company will employ against possible risks:**

In the framework of its risk management policies, Doğan Holding defines and measures operational, IT, legal, compliance, fiscal and financial risks, and makes suggestions to Group companies in light of available information. The referenced risks are monitored and managed by the Company's relevant vice presidents.

**Information regarding the activities and reports of the Early Risk Detection Committee, if established:**

Within the framework of Article 378 of the Turkish Commercial Code, and Capital Markets Board Corporate Governance Communiqué No. II-17.1, the Early Risk Detection Committee was established with the Board of Directors' decision taken on May 9, 2017. In 2017, the Early Risk Detection Committee held six meetings. Decisions taken at these meetings were recorded in the minutes and reported to the Board of Directors. The working principles of the Early Risk Detection Committee are available on the corporate web site ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

Full Name	Title
Tayfun BAYAZIT	President (Independent Board Member)
Selma UYGUÇ	Member
Tolga BABALI	Member
Tahir ERSOY	Member

### G. OTHER ISSUES

**In case the ratio of our shares in our subsidiaries where we directly or indirectly own five, ten, twenty, twenty-five, thirty-three, fifty, sixty-seven, or hundred percent of the capital goes below/above these ratios, information on such situation and the underlying reasons:**

Trade Name	31.12.2017 Effective Ownership Interest (%)	31.12.2016 Effective Ownership Interest (%)	Change (%)	31.12.2017 Explanation
Doğan TV Holding A.Ş.	93.22	92.88	0.34	Due to capital increase
DTV Haber ve Görsel Yayıncılık A.Ş.	88.53	88.21	0.32	Due to capital increase
Doruk Televizyon ve Radyo Yayıncılık A.Ş.	93.22	92.88	0.34	Due to capital increase
Doğan Media International S.A.	93.22	92.88	0.34	Due to capital increase
Eko TV Televizyon ve Radyo Yayıncılık A.Ş.	93.22	92.88	0.34	Due to capital increase
D Yapım Reklamcılık ve Dağıtım A.Ş.	93.22	92.88	0.34	Due to capital increase
Doğan Müzik Yapım ve Ticaret A.Ş.	93.22	92.88	0.34	Due to capital increase
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş.	93.22	92.88	0.34	Due to capital increase
Osmose Media S.A.	93.22	92.88	0.34	Due to capital increase
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş.	93.22	92.88	0.34	Due to capital increase
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş.	93.22	92.88	0.34	Due to capital increase
Tematik Televizyon ve Radyo Yayıncılık A.Ş.	93.22	92.88	0.34	Due to capital increase
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	93.22	92.88	0.34	Due to capital increase
Mozaik İletişim Hizmetleri A.Ş.	93.30	92.96	0.34	Due to capital increase
Doğan TV Digital Platform İşletmeciliği A.Ş.	93.30	92.96	0.34	Due to capital increase
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	0.00	92.96	-92.96	Sale

Trade Name	31.12.2017 Effective Ownership Interest (%)	31.12.2016 Effective Ownership Interest (%)	Change (%)	31.12.2017 Explanation
Doga Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Fleks Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Fun Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	93.30	92.96	0.34	Due to capital increase
Galaksi Radyo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	93.30	92.96	0.34	Due to capital increase
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Kutup Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Popüler Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Primetürk GmbH	93.30	92.96	0.34	Due to capital increase
Selenit Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Stil Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Trend Televizyon ve Radyo Yayıncılık A.Ş.	0.00	92.96	-92.96	Sale
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş.	93.30	92.96	0.34	Due to capital increase
Uydu İletişim Basın Yayın A.Ş.	93.30	92.96	0.34	Due to capital increase
Yörünge Televizyon ve Radyo Yayıncılık A.Ş.	93.30	92.96	0.34	Due to capital increase
Blutv İletişim ve Dijital Yayın Hizmetleri A.Ş.	90.96	90.63	0.33	Due to capital increase
Pronto Ust-Kamenogorsk KZT	0.00	60.43	-60.43	Due to liquidation
Mavi Digital Teknoloji Hizmetleri ve Ticaret A.Ş.	88.53	88.21	0.32	Due to capital increase
Dark Yapımcılık ve Ticaret A.Ş.	88.53	61.75	26.78	Due to acquisition of shares
Hakimiyet Petrol Ticaret Limited Şirketi	0.00	25.00	-25.00	Due to merger
Doel Elektrik Enerjisi Toptan Satış A.Ş.	100.00	0.00	100.00	Due to new establishment
OOO Pronto-Aktobe	0.00	48.35	-48.35	Sale
İstasyon Petrol Ticaret Limited Şirketi	50.00	0.00	50.00	Due to new establishment
OOO Pronto Baikal	0.00	75.54	-75.54	Due to liquidation
Marlin Oto Kiralama Seyahat Hizmetleri A.Ş.	0.00	100.00	-100.00	Due to merger
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş.	100.00	0.00	100.00	Due to new establishment
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş.	98.20	100.00	-1.80	Due to capital increase
Doruk Finansman A.Ş.	97.02	48.00	49.02	Due to acquisition of shares
OOO Utro Peterburga	0.00	41.55	-41.55	Due to liquidation
OOO Pronto Aktau	0.00	60.43	-60.43	Due to liquidation
OOO Pronto Kazan	0.00	54.39	-54.39	Due to liquidation
OOO Pronto Oka	0.00	75.54	-75.54	Due to liquidation
OOO Pronto Atyrau	0.00	60.43	-60.43	Sale
ASPM Holdings BV	0.00	38.53	-38.53	Due to liquidation
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.	99.73	100.00	-0.27	Due to acquisition of shares
D Tes Elektrik Enerjisi Toptan Satış A.Ş.	0.00	100.00	-100.00	Due to merger
Gaziemir Petrol Ticaret Limited Şirketi	0.00	50.00	-50.00	Due to merger
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş.	79.29	77.65	1.64	Due to capital increase
Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş.	77.65	0.00	77.65	Due to new establishment

## OTHER OBLIGATORY DISCLOSURES

### Information regarding the Group companies' shares in the capital of the parent company:

Group companies do not have shares in the capital of the parent company.

### Explanations regarding the internal audit and risk management systems of the corporation within the preparation process of the consolidated financial statements and tables:

Consolidated financial statements were issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Decree Law No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22, in keeping with the 2016 TAS Taxonomy.

### Information regarding the reports stipulated in Article 199 of the Turkish Commercial Code:

The Company's annual report and affiliation report are issued in line with the provisions of the Turkish Commercial Code. The Board Members made no demands falling under the scope of Turkish Commercial Code, Article 199/4.

### Affiliate report:

As per the 199<sup>th</sup> Article of the Turkish Commercial Code n.6102 issued on July 1, 2012 in the first three months of the activity period, the Board of Directors of Doğan Holding is responsible for issuing a report about the relations with the parent company and the affiliates of the parent company, and to include the conclusion of this report in the Annual Report.

At our Company, there were no: i) legal transactions made with the parent company, and/or and affiliates of the parent company, made for the benefit of the parent company, and/or for the benefit of the affiliates of the parent company as a consequence of the directions given by the parent company, and ii) measures taken or avoided to be taken in the previous activity period for the benefit of the parent company, and/or for the benefit of the affiliates of the parent company. Thus, there was no loss that would require offsetting.

### Related party transactions:

For the purpose of the accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint control over the Company and their close family members (immediate family members) and legal entities having direct or indirect control or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the BOD, key management and their close family members (immediate family members); and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. Related party transactions are available in Note **33 - Related Party Disclosures** for the financial statements for the accounting period ending on 31.12.2017.

**The issue that must be presented to the shareholders about whether the shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree make any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or whether the aforementioned persons make any transaction, related to a commercial business that is within the scope of the Company or its subsidiaries' field of activity, for their own account or for the account of others or whether they become unlimited partners in other companies carrying out similar commercial businesses:**

The shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or the aforementioned persons did not make any transaction, related to a commercial business that is within the scope of the Company or its subsidiaries' field of activity, for their own account or for the account of others or they did not become unlimited partners in other companies carrying out similar commercial businesses.



# AUDIT COMMITTEE RESOLUTION

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. AUDIT COMMITTEE RESOLUTION

**DATE:** 08.03.2018 / 01

**SUBJECT:** Negotiation and Evaluation of the Consolidated Financial Report for the Accounting Period 01.01.2017-31.12.2017

The independently audited Consolidated Financial Report pertaining to the accounting period 01.01.2017-31.12.2017, issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Decree Law No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22 in keeping with the 2016 TAS Taxonomy, and in comparison with the previous period's financials, was audited by soliciting the opinions of the executives who are responsible for the preparation of the Company's financial reports.

Limited within the scope of the information we have and that we have been given, our opinion relating to this consolidated financial report was presented to the executives who have responsibility in the preparation of the financial statements. Within the framework of this opinion, we have reached a conclusion that this financial report: truly reflects the facts regarding the Company's activity results and does not contain any significant deficiency that may cause misleading results, and complies with CMB and POA regulations.



**Tayfun BAYAZIT**  
*President*



**Hacı Ahmet KILIÇOĞLU**  
*Member*

# CORPORATE GOVERNANCE COMMITTEE RESOLUTION

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. CORPORATE GOVERNANCE COMMITTEE RESOLUTION

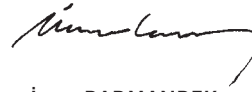
**DATE AND NUMBER:** 08.03.2018 / 02

**SUBJECT:** Negotiation and Evaluation of the Annual Report and Corporate Governance Compliance Report for the accounting period 01.01.2017-31.12.2017.

The Annual Report pertaining to the accounting period 01.01.2017-31.12.2017 prepared in conformity with the Turkish Commercial Code, the Ministry of Customs and Trade's Regulation on "Determining the Minimum Content of the Annual Reports of the Companies," and the Capital Markets Board ("CMB")'s Communiqué No. II-14.1 on "Principles Regarding Financial Reporting in the Capital Markets," whose conformity with the financial statements and footnotes for the accounting period 01.01.2017-31.12.2017 prepared in line with the applicable legislation has been confirmed by independent auditors; and the Corporate Governance Principles Compliance Report for the period 01.01.2017-31.12.2017 (included in the Annual Report), prepared in conformity with CMB's "Corporate Governance Communiqué" No. II-17.1, and the presentation principles stipulated in CMB Decision no. 2/35 (date: 27.01.2014) and published in CMB's Weekly Bulletin no. 2014/02 (date: 27.01.2014), were examined by soliciting the opinions of the executives who have responsibility in preparing the Company's Annual Report and the Corporate Governance Principles Compliance Report. Limited within the scope of the information we have and that we have been given, our opinion relating to this Annual Report and the Corporate Governance Principles Compliance Report was presented to the executives who have responsibility in the preparation of the Annual Report and the Corporate Governance Principles Compliance Report. Within the framework of this opinion, our Committee reached a conclusion that this Annual Report and the Corporate Governance Principles Compliance Report truly reflect the facts regarding the Company's activity results and do not contain any significant deficiency that may cause misleading results, and comply with the Turkish Commercial Code, Ministry regulations and CMB regulations.



**Tayfun BAYAZIT**  
*President*



**İmre BARMANBEK**  
*Member*



**Dr. Murat DOĞU**  
*Member*



**Banu ÇAMLITEPE**  
*Member*

# BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE APPROVAL OF THE REPORTS

## STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS; REGARDING THE APPROVAL OF THE FINANCIAL REPORT AND THE ANNUAL REPORT OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

DATE OF DECISION: 08/03/2018  
DECISION NO: 2018/08

Ref No: 2018 – 02

### STATEMENT OF RESPONSIBILITY AS PER THE 9<sup>th</sup> ARTICLE OF THE SECOND SECTION OF COMMUNIQUE II -14.1 OF THE CAPITAL MARKETS BOARD

We have audited Doğan Şirketler Grubu Holding A.Ş.'s independently audited Consolidated Financial Report and Annual Report pertaining to the accounting period 01.01.2017-31.12.2017, issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in the Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Decree Law No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22 in keeping with the 2016 TAS Taxonomy, and in comparison with the previous period's financials, within the scope of the information we have within our authority:

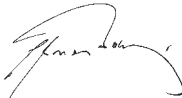
- The consolidated financial report and the annual report do not include any misleading announcements on important issues or deficiency that may cause misleading results on the announcements as of the date they were made,
- The consolidated financial report, prepared in accordance with the financial reporting standards in force, truly reflects the facts regarding the assets, liabilities, financial situation and profit & loss of the Company, and the annual report honestly reflects the progress and the performance of the business and the financial situation of the Company, together with the important risks and uncertainties.



**Tayfun BAYAZIT**  
President of the Audit Committee



**Hacı Ahmet KILIÇOĞLU**  
Member of the Audit Committee



**Ahmet TOKSOY**  
CFO



**Tolga BABALI**  
Executive Committee Member for Financial and  
Operational Management

# BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF THE REPORTS

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. DECISION OF THE BOARD OF DIRECTORS

**Date of Meeting:** 08/03/2018

**Decision No.:** 2018/08

In order to resolve the issues that were on its agenda, the Company's Board of Directors convened at the Company's Headquarters with the attendance of the members whose signatures are given below.

**Agenda:** The approval of the financial report and the annual report for the accounting period 01.01.2017-31.12.2017

### **Resolution:**

As a result of discussions:

- To approve the independently audited attached Consolidated Financial Report pertaining to the accounting period 01.01.2017-31.12.2017, issued in compliance with the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in the Capital Markets" according to the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight, Accounting and Auditing Standards Authority (POA), and in accordance with the presentation principles outlined in Decree Law No. 660, Article 9, paragraph (b) by POA, and procedures announced to the public in POA's Resolution dated June 2, 2016 and numbered 30, later approved by CMB's Resolution dated July 15, 2016 and numbered 22/805, and disclosed to the public via CMB's Weekly Bulletin dated July 15, 2016 and numbered 2016/22 in keeping with the 2016 TAS Taxonomy, and in comparison with the previous period's financials, as presented to the Board of Directors with the revision proposals and opinion of appropriateness by the relevant executives and the Audit Committee;
- To approve the independently audited attached Annual Report of the Company pertaining to the accounting period 01.01.2017-31.12.2017, issued in compliance with the Turkish Commercial Code, the Ministry of Customs and Trade's Regulation on "Determining the Minimum Content of the Annual Reports of the Companies," and the Capital Markets Board's Communiqué No. II-14.1 on "The Principles of Financial Reporting in the Capital Markets," as presented to the Board of Directors with the revision proposals and opinion of appropriateness by relevant executives and the Corporate Governance Committee and in compliance with financial statements;
- To approve the attached Corporate Governance Principles Compliance Report, given in the Annual Report, pertaining to the accounting period January 1, 2017 - December 31, 2017, issued in conformity with the Capital Markets Board Communiqué n.II-17.1 on Corporate Governance; and in compliance with the presentation principles stipulated with the Capital Markets Board decision n.2/35 (dated: January 27, 2014), and published with the Capital Markets Board Weekly Bulletin n.2014/02 (dated: January 27, 2014).



*Chairwoman*

**Yaşar Begümhan DOĞAN FARALYALI**



*Vice Chairwoman*

**Hanzade Vasfiye DOĞAN BOYNER**



*Member*

**Arzuhan YALÇINDAĞ**



*Member*

**Vuslat SABANCI**



*Member*

**İmre BARMANBEK**



*Member*

**Yağmur ŞATANA**



*Independent Member*

**Ahmet Vural AKIŞIK**



*Independent Member*

**Tayfun BAYAZIT**



*Independent Member*

**Hacı Ahmet KILIÇOĞLU**



# DIVIDEND DISTRIBUTION POLICY

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### DIVIDEND DISTRIBUTION POLICY

(February 28, 2014)

Our Company makes dividend distribution decisions, and distributes dividend, in line with the Turkish Commercial Code; the Capital Markets Legislation; Capital Markets Law (CML); Capital Markets Board (CMB) Regulations and Decisions; Tax Laws; provisions of other relevant legislation; and our Articles of Association; and the Resolution of the General Assembly.

Accordingly:

- 1- As a principle, at least 50% of the "net distributable profit" calculated as per the Capital Markets Legislation, CMB, CMB Regulations and Resolutions can be distributed, taking into account the financial statements prepared in compliance with the Capital Markets Legislation, CMB, CMB Regulations and Decisions.
- 2- In case it is contemplated to distribute dividend between 50% and 100% of the "net distributable profit" calculated; the financial statements, financial structure, and the budget of our Company are taken into consideration when determining the dividend distribution percentage.
- 3- The dividend distribution proposal is made public as per the Capital Markets Legislation, CMB, and the CMB Regulations and Decisions taking into account the legal deadlines.
- 4- In case the amount is:
  - a. lower than the amount calculated as per Article 1, of the "net distributable profit" that is calculated in line with the legal records kept within the scope of the Turkish Commercial Code, and the Tax Laws; the "net distributable profit" calculated as per the legal records kept within the scope of this article hereby is taken into account, and it is distributed entirely,
  - b. higher than the amount mentioned above, action is taken as per Article 2.
- 5- In case there is no net distributable profit as per the legal records kept within the scope of the Turkish Commercial Code and Tax Laws, no dividend distribution can be made a "net distributable profit" has been calculated according to the financial statements prepared as per the Capital Markets Legislation, CMB, CMB Regulations and Decisions, and in compliance with again the Capital Markets Legislation, CMB, the CMB Regulations and Resolutions.
- 6- In case the calculated "net distributable profit" is below 5% of the issued capital, this may lead to the dividend distribution not being made.
- 7- The upper limit of the aid and donations that will be made by our Company within an accounting term in compliance with the Capital Markets Legislation, CMB, the CMB Regulations and Decisions, and as per the principles set forth in our Articles of Association shall be determined by the General Assembly. No donations may be made in amounts exceeding the limit set forth by the General Assembly, and the donations made shall be added to the "net distributable profit" tax base.
- 8- The dividend distribution shall start latest by the 30<sup>th</sup> day following the general assembly meeting where the distribution resolutions were made, and in any case, as of the end of the accounting term.
- 9- In line with the Capital Markets Legislation, CMB, CMB Regulations and Decisions, and the provisions of the Articles of Association, and as per the Resolution of the General Assembly, our Company may distribute the dividend share in cash and/or upfront as "free shares" or may distribute in installments.
- 10- Our Company may also distribute dividends to other persons who are not shareholders in line with the resolutions to be made by the General Assembly. In that case, action shall be taken in compliance with the Turkish Commercial Code; Capital Markets Legislation, CMB, CMB Regulations and Decisions, and the provisions of the Articles of Association.
- 11- Our Company may decide to distribute, and may distribute, advance dividend, in line with the Turkish Commercial Code; Capital Markets Legislation; CMB, CMB Regulations and Decisions; Tax Laws; the provisions of the other legislation, the Articles of Association; and the General Assembly Resolution.
- 12- Investments requiring significant amounts of cash outflows for increasing our Company value; significant issues affecting our financial structure; important uncertainties and adversities outside the control of our Company arising in the economy, in the markets, or other areas shall be taken into account in making dividend distribution decisions.

# DIVIDEND DISTRIBUTION PROPOSAL

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. BOARD OF DIRECTORS DECISION

**Date of Meeting:** 08.03.2018  
**Decision No.:** 2018/09

In order to resolve the issues that were on its agenda, the Company's Board of Directors convened at the Company's Headquarters with the attendance of the members whose signatures are given below.

**Agenda:** Decision on Dividend Distribution  
**Resolution:**

This resolution was signed by the members of the Board of Directors pursuant to the provision of Article 390/IV of the Turkish Commercial Code.

Our Board of Directors made a meeting and resolved that taking into account the Turkish Commercial Code ("TCC"), the Capitals Market Legislation and the Regulations of the Capital Markets Board ("CMB"), the Corporate Tax, Income Tax and the provisions of the other relevant legislation, as well as the relevant provisions of the Articles of Association of our Company, and the "Dividend Distribution Policy" that we have publicly announced:

- In line with the Communique provisions of the CMB II-14.1, "Communique on the Principles of Financial Reporting in Capital Markets", of the CMB, and as per the independently audited consolidated financial statements of the accounting period of 01.01.2017-31.12.2017 prepared in compliance with the Turkish Accounting System ("TMS") and Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Institute ("KGK"), and the presentation principles of which have been determined as per the relevant resolutions of the CMB; as it has been understood that a "Net Loss for the Period" of 471.545.000 Turkish Lira has been observed when the "Deferred Tax Expense", "Tax Expense for the Period", "Net Loss from Discontinued Operations" and "Non-Controlling Interests Outside the Equity Holders of The Parent Company," and that a "Loss for the Period" totaling 594,677,523.81 Turkish Lira after adding to this amount "Accumulated Losses" totaling 122.945.957,65 Turkish Lira, calculated as per the Dividend Guide announced in the CMB Weekly Bulletin of 27.01.2014, no. 2014/2, and adding the "donations" totaling 2,279,168.25 Turkish Lira made in 2017, to inform the shareholders that no dividend distribution shall be made for the accounting period 01.01.2017 – 31.12.2017 in line with the CMB dividend distribution regulations, and to submit this matter for the approval of the General Assembly, and
- In the financial records for the 01.01.2017 - 31.12.2017 accounting period kept within the scope of the Tax Legislation, and as per the Uniform Accounting Plan published by the T.R. Ministry of Finance, a "Net Profit for the Period" of 49,314,688.18 Turkish Lira has been observed during the accounting term of 01.01.2017 - 31.12.2017 as per our financial records; that no "Tax Expense for the Period" has been reserved, and "General Legal Reserve Funds" of 2,465,734.41 Turkish Lira has been reserved as per paragraph (1) of Article 519 of TCC, the remaining part of 46,848,953.77 Turkish Lira will be transferred to the account of "Extraordinary Reserves", and that this matter will be submitted for the approval of the General Assembly,
- In the financial records kept within the scope of the Tax Legislation, and as per the Uniform Accounting Plan published by the T.R. Ministry of Finance, the "Profit on Sale of Subsidiary Shares" (DMK) of 67,978,860.95 Turkish Lira taken into the "Special Funds" accounts during the past terms as per the Tax Legislation, be taken into the "Extraordinary Reserves" account as the 5-year period specified as per the Tax Legislation has been completed, and that this matter will be submitted for the approval of the General Assembly.



Chairwoman

Y. Begümhan DOĞAN FARALYALI



Vice Chairwoman

Hanzade V. DOĞAN BOYNER



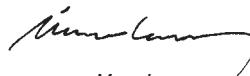
Member

Arzuhan YALÇINDAĞ



Member

Vuslat SABANCI



Member

İmre BARMANBEK



Executive Member

Yağmur ŞATANA



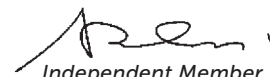
Independent Member

Ahmet Vural AKIŞIK



Independent Member

Tayfun BAYAZIT



Independent Member

Hacı Ahmet KILIÇOĞLU

# DIVIDEND DISTRIBUTION STATEMENT

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. DIVIDEND DISTRIBUTION PROPOSAL FOR 2017 (TL)

1	Paid-in Capital	2,616,938,288.00	
2	General Legal Reserves (as per statutory records) <sup>(1)</sup>	187,341,042.35	
	Information concerning preferred shares, if, as per the Company's Articles of Association, there are any privileges for preferred shares in distribution of dividend	No	
		<b>As per CMB</b>	<b>As per statutory records</b>
3	Profit/Loss for the Period (+/-) <sup>(2)</sup>	-229,287,000.00	49,314,688.18
4	Taxes (+/-) <sup>(3)</sup>	-43,245,000.00	0.00
	Non-controlling interests (minority interests) (-)	-53,347,000.00	0.00
	Profit/(Loss) from Discontinued Operations	-252,360,000.00	
5	Net Profit/Loss (-)	-471,545,000.00	49,314,688.18
6	Prior Years' Losses (-) <sup>(4)</sup>	-122,945,957.65	0.00
7	Legal Reserve Fund (-)	-2,465,734.41	-2,465,734.41
8	NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (+/-)	-596,956,692.06	46,848,953.77
9	Grants made during the Year (+)	2,279,168.25	
10	Net Distributable Profit/Loss Including Grants (+/-)	-594,677,523.81	
11	First Category Dividend to Shareholders	0.00	
	-Cash	0.00	
	-Shares	0.00	
	-Total	0.00	
12	Dividends Distributed to Preferred Shareholders	0.00	
13	Other Dividends Distributed	0.00	
	-Members of the Board of Directors	0.00	
	-Employees	0.00	
	-Non-shareholders	0.00	
14	Dividends to holders of usufruct-right certificates	0.00	
15	Second Category Dividend to Shareholders	0.00	
16	Legal Reserve Fund	0.00	
17	Status Reserves	0.00	
18	Special Reserves	0.00	
19	EXTRAORDINARY RESERVES	46,848,953.77	46,848,953.77
20	Other Sources Planned for Distribution	0.00	
	- Prior Years' Income	0.00	
	- Extraordinary Reserves	0.00	
	- Other Distributable Reserves as per the Turkish Commercial Code and Articles of Association	0.00	

<sup>(1)</sup> "Inflation Differences" is not attached.

<sup>(2)</sup> Composed of the sum of the "Loss Before Tax for the Period from Continuing Operations."

<sup>(3)</sup> Composed of the sum of the "Tax Expense for the Period" and "Deferred Tax Expense."

<sup>(4)</sup> Prepared in accordance with the Guide of Dividend published in the weekly CMB Bulletin dated 27.01.2014, number 2014/2. It includes the remaining portion after the amounts of "Premiums/Discounts Related to Shares (Net)" and "General Legal Reserve Funds" are incorporated to the Accumulated Losses.

<sup>(5)</sup> There is no distributable profit for the period.

# OPINION LETTER OF THE INDEPENDENT AUDIT COMPANY ON THE ANNUAL REPORT



## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Doğan Şirketler Grubu Holding A.Ş.

### 1. Opinion

We have audited the annual report of Doğan Şirketler Grubu Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2017 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 March 2018 on the full set consolidated financial statements for the 1 January - 31 December 2017 period.

### 4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - events of particular importance that occurred in the Company after the operating year,
  - the Group's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

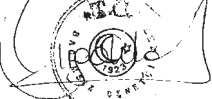
When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Customs and Trade and other relevant institutions.

### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Gökhan Yüksel, SMMM  
Partner

Istanbul, 8 March 2018



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

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2017  
TOGETHER WITH INDEPENDENT AUDITORS'  
REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Doğan Şirketler Grubu Holding A.Ş.;

Audit of the Consolidated Financial Statements

**1. Opinion**

We have audited the accompanying consolidated financial statements of Doğan Şirketler Grubu Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2017 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
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T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015



### 3. Key Audit Matters (Continued)

#### Key audit matters

#### How our audit addressed the key audit matter

##### Assessment of impairment tests for intangible assets

Intangible assets of the Group consist of intangible assets with definite and indefinite useful lives and goodwill.

The Group decided to terminate the activities of the digital platforms of its subsidiaries in Russia due to intense competition in the marketplace and the level of operational performance which is lower than the Group's expectations. The Group accounted for a provision for impairment amounting to TRY 279.092 thousand as of 31 December 2017 for the aforementioned assets, since carrying amount of intangible assets is lower than their recoverable amount. The provision for impairment was accounted for under "Profit (Loss) For The Period From Discontinued Operations" in the statement of profit or loss. Related currency translation adjustment was continued to be accounted for equity (Note 23).

The carrying amount of intangible assets is material to the consolidated financial statements. Additionally, the carrying amount of goodwill is TRY403,713 thousand in the consolidated financial statements as of 31 December 2017.

Significant estimations and assumptions were used during the impairment tests performed by the Group management. These assumptions include growth expectations of earnings before interest, tax and depreciation, ultimate growth rates and discount rates used for determining the net present value of cash flows. These assumptions and estimations are very sensitive to the expected market conditions. Therefore, the impairment test of intangible assets is an important matter for our audit.

Explanations related to the accounting policies and the related disclosures of the Group are included in notes 2.2 and 15.

The procedures that we have performed by taking into consideration of the evaluations of valuation experts in our firm for the response of risk of material misstatement regarding to the Group's impairment test of intangible assets and goodwill are as follows:

- The mathematical accuracy of the valuation models used during the impairment test was tested.
- Data used in valuation models have been evaluated for its appropriateness with the Group's approved budgets.
- Reasonableness of budgeted figures have been assessed by considering their consistency compared to prior period financial performance.
- Appropriateness of significant assumptions such as growth rates and discount rates used in discounting of cash flows have been evaluated with our valuation experts by comparing rates used in the relevant industries.
- The Group's management's analysis and related conclusions regarding the sensitivity of the assumptions compared to the market conditions have been evaluated.
- The disclosures related to the impairment test and its results and the sufficiency of those disclosures were assessed based on TAS.

We had no material findings in our audit procedures related to the assessment of impairment tests for intangible assets.



### 3. Key Audit Matters (Continued)

#### Key audit matters

#### How our audit addressed the key audit matter

##### *Investment properties are measured by using the fair value method*

As explained in Note 13, as of 31 December 2017, the Group's investment properties, which have a carrying amount of TRY 564,947 thousand and represent a significant share of total assets, comprise of land and buildings.

The accounting policy for investment properties used by the Group management is the "fair value method", as described in Note 2.2. The fair values of these assets are determined by independent valuation experts authorised by the Capital Markets Board ("CMB") and are recognised in the consolidated financial statements after being assessed by the Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property.

The reasoning of our focus in this area:

- The quantitative materiality of the investment properties in the financial statements,
- When determining the fair values of the investment properties, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that may lead to changes in the fair values.

- Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked based on Independent Audit Standards.
- Deeds and ownership ratios of investment properties were tested on a sample basis.
- We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range.
- Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TAS.

We had no material findings in our audit procedures related to the investment properties accounted for using the fair value method.





### 3. Key Audit Matters (Continued)

#### Key audit matters

#### How our audit addressed the key audit matter

##### Accounting for advertisement and subscriber revenue

Advertisement and subscriber revenue, which is significant in Group's revenue, is important in the assessment of the performance of visual and audio media.

The measurement of advertisement revenue depends on variables defined by contract such as the date the advertisement is televised, the time zone and the duration of the advertisement. In this context, the Group has a broadcast monitoring department to correctly note the time zones and total durations of the advertisements within the broadcast feed which is constantly updated. It is important in terms of our audit work that the revenue is accounted for in the consolidated financial statements correctly and completely.

Since it has material impact on the consolidated financial statements and includes complicated processes, accounting for advertisements and subscriber revenue was considered to be a key audit matter.

Disclosures related to accounting policies and revenue amounts of the visual and audio media of the Group are included in Note 2.2, 5 and 24.

The procedures we have performed while auditing advertisement and subscriber revenue are as follows:

- Analysing the difference between our expectations based on our knowledge on the sector and market data and real amounts, the time the revenue is accounted for in the consolidated financial statements and performing test of details procedures for completeness,
- Testing the consistency of the results of the individual organisations that monitor advertisement broadcast durations with the records in the system,
- Test of details performed with sampling method for the advertisement and subscriber revenue accounted for, and
- Test of details performed with sampling method concerning the consistency between recorded subscriber revenue and the conditions laid out in the contracts.

We had no material findings in our audit procedures related to the accounting for advertisement and subscriber revenue.

#### 4. Other matter

The consolidated financial statements of the Group as of 31 December 2016 and for the year then ended were audited by another audit firm whose audit report dated 9 March 2017 expressed an unqualified opinion.

#### 5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### 6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## 6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on

8 March 2018.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM  
Partner

İstanbul, 8 March 2018

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

		USD <sup>(*)</sup> Unaudited Current Period 31 December 2017	Audited Current Period 31 December 2017	Restated Prior Period 31 December 2016	Restated Prior Period 31 December 2015
ASSETS	Notes				
<b>Current assets</b>		<b>1.297.025</b>	<b>4.892.249</b>	<b>3.912.023</b>	<b>3.971.139</b>
Cash and cash equivalents	6	452.946	1.708.467	1.512.163	1.894.260
Financial investments	7	19.020	71.743	288.752	293.295
Trade receivables					
- Due from related parties	33	2.277	8.588	8.523	2.940
- Due from non-related parties	9	589.768	2.224.546	1.485.674	1.212.010
Other receivables					
- Due from related parties	33	2.585	9.750	10.726	2.320
- Due from non-related parties	10	7.627	28.770	17.046	17.093
Inventories	11	159.591	601.962	441.350	374.448
Prepaid expenses	20	31.067	117.180	81.583	95.310
Derivative instruments	21	22	83	551	-
Biological assets	12	-	-	215	76
Other current assets	19	32.122	121.160	65.440	79.387
<b>Non-current assets</b>		<b>1.162.879</b>	<b>4.386.262</b>	<b>4.340.755</b>	<b>3.898.181</b>
Trade receivables					
- Due from non-related parties	9	5.775	21.783	25.258	21.374
Other receivables					
- Due from related parties		-	-	-	29.076
- Due from non-related parties	10	5.184	19.554	29.082	31.235
Financial investments	7	33.176	125.137	76.716	41.598
Investments accounted for by the equity method	4	95.022	358.415	323.471	309.131
Investment properties	13	149.778	564.947	569.870	376.075
Property, plant and equipment	14	349.807	1.319.438	1.167.901	1.041.089
Intangible assets					
- Other intangible assets	15	251.225	947.596	1.116.872	953.972
- Goodwill	15	107.032	403.713	403.713	403.713
Prepaid expenses	20	10.430	39.340	51.623	46.197
Deferred tax asset	31	14.068	53.064	42.303	106.105
Other non-current assets	19	141.381	533.275	533.946	538.616
<b>Total assets</b>		<b>2.459.904</b>	<b>9.278.511</b>	<b>8.252.778</b>	<b>7.869.320</b>

The consolidated financial statements as of and for the period ended 31 December 2017 have been approved by the Board of Directors on 8 March 2018.

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

		USD <sup>(*)</sup> Unaudited Current Period	Audited Current Period	Restated Prior Period	Restated Prior Period
LIABILITIES	Notes	31 December 2017	31 December 2017	31 December 2016	31 December 2015
<b>Current liabilities</b>		<b>1.142.175</b>	<b>4.308.169</b>	<b>2.788.691</b>	<b>2.700.917</b>
Short-term borrowings	8	413.114	1.558.223	1.088.428	738.949
Short-term portion of long-term borrowings	8	280.861	1.059.380	305.409	717.110
Other financial liabilities			-	-	175.395
Trade payables					
- Due to related parties	33	6.931	26.143	25.403	27.129
- Due to non-related parties	9	338.863	1.278.158	939.110	733.847
Payables related to employee benefits	22	9.626	36.307	36.796	23.394
Deferred income	20	24.477	92.326	56.243	40.014
Derivative instruments	21	291	1.098	-	-
Other payables					
- Due to non-related parties	10	39.491	148.955	232.115	159.859
Current income tax liability	31	3.741	14.110	13.426	1.888
Short-term provisions					
- Short-term provisions for employment benefits	22	15.044	56.745	51.263	44.070
- Other short-term provisions	17	9.736	36.724	40.498	39.262
<b>Non-current liabilities</b>		<b>522.356</b>	<b>1.970.276</b>	<b>2.026.041</b>	<b>1.705.310</b>
Long-term borrowings	8	198.100	747.215	895.383	665.525
Investments accounted for by the equity method	4	82.277	310.342	227.293	155.315
Other financial liabilities	8	176.646	666.291	519.829	517.700
Other payables					
- Due to non-related parties	10	3.635	13.710	119.449	103.495
Deferred income	20	1.492	5.626	7.457	1.410
Long-term provisions					
- Long-term provisions for employment benefits	22	32.492	122.556	119.120	109.481
Deferred tax liability	31	27.714	104.536	137.510	152.384
<b>EQUITY</b>		<b>795.373</b>	<b>3.000.066</b>	<b>3.438.046</b>	<b>3.463.093</b>
<b>Equity attributable to equity holders of the parent company</b>		<b>691.525</b>	<b>2.608.363</b>	<b>2.999.228</b>	<b>3.073.004</b>
Share capital	23	693.798	2.616.938	2.616.938	2.616.938
Adjustments to share capital	23	38.051	143.526	143.526	143.526
Repurchased shares (-)	23	(551)	(2.080)	(2.080)	-
Share premiums (discounts)	23	9.321	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	9.231	34.820	48.007	11.662
- Actuarial gains (losses) on defined benefit plans	23	(11.032)	(41.613)	(37.810)	(31.032)
- Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	4	(166)	(626)	-	-
Other comprehensive income (losses) that will be reclassified in profit or loss					
- Change in currency translation reserves	23	78.282	295.272	221.961	87.357
- Gain (loss) on revaluation and reclassification	23	8.536	32.196	15.602	514
- Gain (losses) from hedge reserve	23	(176)	(665)	-	-
Restricted reserves	23	82.830	312.427	314.979	1.267.933
Retained earnings or accumulated losses		(91.584)	(345.446)	(137.831)	(898.233)
Net profit or loss for the period		(125.015)	(471.545)	(219.223)	(160.820)
<b>Non-controlling interests</b>		<b>103.848</b>	<b>391.703</b>	<b>438.818</b>	<b>390.089</b>
<b>Total liabilities</b>		<b>2.459.904</b>	<b>9.278.511</b>	<b>8.252.778</b>	<b>7.869.320</b>
Commitments	18				

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

		USD <sup>(*)</sup> Unaudited Current Period 1 January- 31 December 2017	Audited Current Period 1 January- 31 December 2017	Audited Prior Period 1 January- 31 December 2016
	Notes			
<b>Profit or Loss</b>				
Revenue	24	2.778.004	10.478.354	7.754.572
Cost of Sales (-)	24	(2.398.046)	(9.045.189)	(6.476.404)
<b>Gross Profit (Loss)</b>	<b>24</b>	<b>379.958</b>	<b>1.433.165</b>	<b>1.278.168</b>
General Administrative Expenses (-)	25	(103.883)	(391.838)	(361.518)
Marketing Expenses (-)	25	(210.966)	(795.743)	(719.433)
Other Income From Operating Activities	27	120.758	455.488	527.843
Other Expenses From Operating Activities (-)	27	(72.558)	(273.680)	(298.383)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	(19.841)	(74.840)	(169.072)
<b>Operating Profit (Loss)</b>		<b>93.468</b>	<b>352.552</b>	<b>257.605</b>
Income from Investment Activities	28	24.506	92.435	159.049
Expenses from Investment Activities (-)	28	(46.931)	(177.018)	(99.986)
<b>Operating Profit (Loss) Before Finance (Expense)/Income</b>		<b>71.044</b>	<b>267.969</b>	<b>316.668</b>
Finance Income	29	150	565	1.543
Finance Expenses (-)	29	(131.981)	(497.821)	(381.631)
<b>Profit (Loss) Before Taxation From Continued Operations</b>		<b>(60.788)</b>	<b>(229.287)</b>	<b>(63.420)</b>
<b>Tax (Expense) Income From Continued Operations</b>	<b>31</b>	<b>(11.465)</b>	<b>(43.245)</b>	<b>(85.814)</b>
Tax (Income) Expense for the Period		(10.292)	(38.821)	(48.943)
Deferred Tax Income/ (Expense)		(1.173)	(4.424)	(36.871)
<b>Profit (Loss) For The Period From Continued Operations</b>		<b>(72.253)</b>	<b>(272.532)</b>	<b>(149.234)</b>
<b>Profit (Loss) For The Period From Discontinued Operations</b>	<b>30</b>	<b>(66.905)</b>	<b>(252.360)</b>	<b>(84.652)</b>
<b>Profit (Loss) For The Period</b>		<b>(139.159)</b>	<b>(524.892)</b>	<b>(233.886)</b>
<b>Allocation of Profit (Loss) For The Period</b>				
Attributable to Non-Controlling Interests		(14.143)	(53.347)	(14.663)
Attributable to Equity Holders of the Parent Company		(125.015)	(471.545)	(219.223)
Gain / (Loss) Per Share Attributable to Equity Holders of the Parent Company		(0,05)	(0,180)	(0,084)
Diluted Gain / (Loss) Per Share	32	(0,05)	(0,180)	(0,084)

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

	USD <sup>(*)</sup> Unaudited Current Period 1 January - 31 December 2017	Audited Current Period 1 January - 31 December 2017	Audited Prior Period 1 January - 31 December 2016
Notes			
Profit (Loss) For The Period	(139.159)	(524.892)	(233.886)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>That will not be reclassified as profit or loss</b>			
Gain (loss) on revaluation of property plant and equipment	-	-	49.269
Actuarial gains (losses) on defined benefit plans	22 (1.458)	(5.498)	(8.473)
Defined benefit plans remeasurement gains (losses) of investments accounted for by equity method	(166)	(626)	-
<b>Taxes related to other accumulated comprehensive income that will not be reclassified in profit or loss</b>			
Tax effect on gains (losses) on revaluation of property, plant and -equipment	(670)	(2.527)	(2.463)
Tax effect on actuarial gains (losses) on defined benefit plans	292	1.100	1.695
<b>That will be reclassified as profit or loss</b>			
Currency translation differences	21.256	80.175	158.680
Gain (losses) on revaluation and/or reclassification of financial assets available for sale	6.638	25.036	23.561
Other comprehensive income (loss) related with cash flow hedges	(291)	(1.098)	-
Taxes related to other accumulated comprehensive income that will be reclassified in profit or loss			
- Tax effect on other comprehensive income from cash flow hedges	64	242	-
- Tax effect on gain (losses) on revaluation and/or reclassification of financial assets available for sale	(2.238)	(8.442)	(8.473)
<b>OTHER COMPREHENSIVE INCOME /(LOSS)</b>	<b>23.426</b>	<b>88.362</b>	<b>213.796</b>
<b>TOTAL COMPREHENSIVE INCOME /(LOSS)</b>	<b>(115.732)</b>	<b>(436.530)</b>	<b>(20.090)</b>
<b>Allocation of Total Comprehensive Income/(Loss)</b>			
Attributable to Non-Controlling Interests	(12.505)	(47.169)	51.606
Attributable to Equity Holders of the Parent Company	(103.227)	(389.361)	(71.696)

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS

1 JANUARY - 31 DECEMBER 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)



	Accumulated other comprehensive income or loss that will not be reclassified to profit or loss				Accumulated other comprehensive income or loss that will be reclassified to profit or loss					Retained earnings				Equity attributable to equity holders of the parent company	Non controlling interests	Equity	
	Notes	Share Capital	Adjustments to share capital	Repurchased shares	Gain/(loss) on revaluation of property, plant and equipment	Actual 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/(losses) from reclassification of financial assets available for sale	Currency translation differences	Gain/(losses) from hedge reserves	Restricted reserves	Retained earnings/accumulated losses				Net profit/loss for the period
Balances at 1 January 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
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 subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Effect of acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	262	262
- Effect of sale of subsidiary (Note 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200	200
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,504)	-	(1,504)	1,504	-
Total comprehensive income/(loss)	-	-	-	-	(2,527)	(3,803)	(626)	-	16,594	73,311	(665)	-	(100)	(471,545)	(389,361)	(47,169)	(436,530)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	(471,545)	(471,545)	(53,347)	(524,892)
Change in shareholding ratio in subsidiaries	-	-	-	-	-	100	-	-	-	-	-	-	(100)	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	(2,527)	(3,903)	(626)	-	16,594	73,311	(665)	-	-	-	82,184	6,178	88,362
- Currency translation differences	-	-	-	-	-	-	-	-	-	73,311	-	-	-	-	73,311	6,864	80,175
- Change in investment property revaluation reserves	-	-	-	-	(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
Balances 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	(345,446)	(471,545)	2,608,363	391,703	3,000,066

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS

1 JANUARY- 31 DECEMBER 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)



	Notes	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			Equity		
		Share Capital	Adjustments to share capital	Repurchased shares	Gain/loss on revaluation of property plant and equipment	Actual gains/losses on defined benefit plans	Shares not classified as profit or loss from other comprehensive income of investments for by equity method	Share premiums/(discounts)	Currency translation differences	Gain/(loss) on revaluation and/or reclassification of financial assets available for sale	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	
Balances at 1 January 2016	23	2,616,938	143,526	-	11,662	(31,032)	-	35,159	514	87,357	-	1,267,933	(1,319,115)	(160,820)	2,652,122	390,089	3,042,211
Effect of restatement <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	420,882	-	420,882	-	420,882
Restated balances as of 1 January 2016		2,616,938	143,526	-	11,662	(31,032)	-	35,159	514	87,357	-	1,267,933	(898,233)	(160,820)	3,073,004	390,089	3,463,093
Transfers <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Dividend payment of subsidiaries to non-group companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,763)	(2,763)
Acquisition or disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Effect of acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,763)	(2,763)
- Effect of sale of subsidiary (Note 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / decrease due to changes in shareholding ratio which do not result in loss of control in subsidiaries <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to repurchasing of shares	-	-	-	(2,080)	-	-	-	-	-	-	-	-	-	-	-	127	127
Increase / decrease due to other changes <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,080)	-	(2,080)
Total comprehensive income/(loss)	-	-	-	-	36,345	(6,778)	-	-	15,088	134,604	-	-	(31,732)	(219,223)	(71,696)	51,606	(20,090)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	(219,223)	(219,223)	(14,663)	(233,886)
Other comprehensive income (loss)	-	-	-	-	36,345	(6,778)	-	-	15,088	134,604	-	-	(31,732)	-	147,527	66,269	213,796
- Currency translation differences	-	-	-	-	-	-	-	-	-	134,604	-	-	-	-	134,604	24,076	158,680
- Change in investment property revaluation reserves	-	-	-	-	36,345	-	-	-	-	-	-	-	-	-	36,345	10,461	46,806
- Actuarial gains (losses) on defined benefit plans	-	-	-	-	-	(6,778)	-	-	-	-	-	-	-	-	(6,778)	-	(6,778)
- Change in cash flow hedge reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in financial asset revaluation fund	-	-	-	-	-	-	-	-	15,088	-	-	-	-	-	-	-	15,088
Balances at 31 December 2016	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	

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

<sup>(2)</sup> Effective rate of the Group in TME increased from 61.01% to 75.54% due to the fact that "non-controlling interests", which did not participate to the capital increase, took place in the capital increase of its subsidiary TME. This transaction was accounted as "equity" transaction and considering that there was no cash movement outside the Group during the capital increase, the change amounting to TL 31.732 in "non-controlling interests" was accounted under "retained earnings or accumulated losses" under shareholders' equity.

<sup>(3)</sup> Effects of restatement is explained in Note 2.

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS

### 1 JANUARY- 31 DECEMBER 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

	Notes	USD <sup>m</sup> Unaudited Current Period 1 January - 31 December 2017	Audited Current Period 1 January - 31 December 2017	Audited Prior Period 1 January - 31 December 2016
<b>A. Net Cash From Operating Activities</b>		<b>3.698</b>	<b>13.947</b>	<b>655.643</b>
Profit (loss) for the period		(139.159)	(524.892)	(233.886)
Profit (Loss) for the period from continued operations		(72.253)	(272.532)	(149.234)
Profit (Loss) For The Period From Discontinued Operations		(66.905)	(252.360)	(84.652)
Adjustments regarding reconciliation of net profit (loss) for the period		335.333	1.264.844	870.689
Adjustments related to depreciation and amortization	11,14,15	162.500	612.932	486.012
Adjustments related to provision (reversal) of impairment		73.722	278.073	89.927
Adjustments related to provisions				
- Adjustments related to provisions for (reversal of) employee benefits	22	9.345	35.249	31.063
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	17	11	40	15.423
- Adjustments related to other provisions (reversals)	9,11	12.159	45.862	21.307
Adjustments related to interest (income) and expenses				
- Adjustments related to interest income	27,28	(19.281)	(72.725)	(66.246)
- Adjustments related to interest expenses	28,29	69.710	262.938	70.177
- Deferred financial expense due to purchases with maturity	27	4.373	16.495	26.085
- Unearned financial income due from sales with maturity	27	(22.016)	(83.041)	(58.864)
Adjustments related to changes in unrealised foreign exchange differences		34.645	130.676	102.298
Adjustments related to fair value (gains) losses	13,21	(443)	(1.670)	(84.715)
Adjustments related to losses (gains) on disposal of non-current assets	28	(1.099)	(4.146)	(4.542)
Adjustments related to undistributed profits of investments accounted for by the equity method	4	19.841	74.840	169.072
Adjustments related to tax income (expense)	31	(2.886)	(10.885)	73.692
Adjustments related to losses (gains) arising from disposal of subsidiaries or joint activities	28	(212)	(800)	-
Adjustments for (income) expense caused by sale or changes in share of associates, joint ventures and financial investments	28	(5.036)	(18.994)	-
<b>Changes in working capital</b>		<b>(220.858)</b>	<b>(833.054)</b>	<b>(40.705)</b>
Adjustments for decrease (increase) in inventories		(41.104)	(155.039)	(63.659)
Adjustments for decrease (increase) in trade receivables				
- Decrease (increase) in trade receivables from related parties		(17)	(65)	(5.583)
- Decrease (increase) in trade receivables from non-related parties		(206.088)	(777.343)	(319.225)
Increase (decrease) in payables due to employee benefits		(130)	(489)	13.402
Adjustments regarding decrease (increase) in other receivables on operations				
- Increase (decrease) in other receivables regarding operations with related parties				
- Increase (decrease) in other receivables regarding operations with non-related parties		(323)	(1.220)	22.870
Adjustments regarding increase (decrease) in trade payables				
- Increase (decrease) in trade payables to related parties		196	740	(1.726)
- Increase (decrease) in trade payables to non-related parties		86.942	327.935	205.263
Adjustments regarding increase (decrease) in other payables on operations				
- Increase (decrease) in other payables regarding operations with non-related parties		(50.525)	(190.576)	88.210
Adjustments for other increase (decrease) in working capital				
- Decrease (increase) in other assets regarding operations		(21.469)	(80.979)	31.822
- Increase (decrease) in other liabilities regarding operations		11.660	43.982	(12.079)
<b>Net Cash From Operating Activities</b>		<b>(24.683)</b>	<b>(93.102)</b>	<b>596.098</b>
Employee termination benefits paid	22	(8.370)	(31.569)	(22.704)
Income tax refunds (payments)		(10.111)	(38.137)	(37.430)
Other provisions paid	17	(2.124)	(8.013)	(16.695)
Other cash inflow (outflow)	9	6.988	26.357	7.189
Interest received		41.998	158.411	129.185

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

		USD <sup>(*)</sup> Unaudited Current Period 1 January - 31 December 2017 Notes	Audited Current Period 1 January - 31 December 2017	Audited Prior Period 1 January - 31 December 2016
<b>B. Net Cash From Investing Activities</b>		<b>(174.876)</b>	<b>(659.613)</b>	<b>(1.048.558)</b>
Cash outflows regarding capital increase and / or share increase of associates and/or joint ventures		(3.839)	(14.482)	(72.342)
Cash inflows regarding capital decrease and / or share decrease of associates and/or joint ventures		-	-	2.407
Cash inflows from sale of property, plant, equipment and intangible assets		33.625	126.831	48.358
Cash outflows from purchase of property, plant, equipment and intangible assets	14, 15	(255.456)	(963.556)	(787.005)
Cash outflows regarding acquisition of investment properties		(8.714)	(32.870)	(56.244)
Cash outflows regarding derivative instruments		-	-	(179.425)
Cash inflows regarding sale of share and / or debt instruments of other entities or funds		54.074	203.961	-
Cash outflows regarding acquisition of share and / or debt instruments of other entities or funds		(5.125)	(19.332)	(2.227)
Cash flows from losing control of subsidiaries		659	2.486	(2.080)
Cash inflows from sale of shares of subsidiaries that does not cause loss of control		(182)	(686)	-
Other cash inflows (outflows)		10.084	38.035	-
<b>C. Net Cash from Financing Activities</b>		<b>191.352</b>	<b>721.761</b>	<b>(168.466)</b>
Proceeds from borrowings				
<i>Proceeds from bank borrowings</i>		641.748	2.420.611	1.513.338
<i>Cash inflows from issued debt instruments</i>		17.835	67.270	-
Cash outflows on debt payments				
<i>Cash outflows due to payments of bank borrowings</i>		(407.341)	(1.536.451)	(1.491.540)
Interest paid		(60.889)	(229.669)	(180.685)
Other cash inflows (outflows)		-	-	(9.579)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)</b>		<b>20.174</b>	<b>76.095</b>	<b>(561.381)</b>
<b>D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS</b>		<b>32.571</b>	<b>122.854</b>	<b>183.359</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>52.745</b>	<b>198.949</b>	<b>(378.022)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6</b>	<b>400.031</b>	<b>1.508.877</b>	<b>1.886.899</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>6</b>	<b>452.776</b>	<b>1.707.826</b>	<b>1.508.877</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since 21 June 1993. Within the frame of Resolution No, 21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency("CRA"), 35,95% shares of Doğan Holding are to be considered in circulation as of 31 December 2017 (31 December 2016: 35,95%). As of 7 March 2018, circulation rate of shares are 35,95%.

The address of Holding's is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65  
Üsküdar 34676 İstanbul

As of 31 December 2017, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 8.247 (domestic 7.715) (31 December 2016: 8.635; domestic 7.724). Holding has 118 employees (31 December 2016: 133 employees).

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

#### Publishing

Subsidiaries	Nature of business	Country
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Newspaper publishing	Turkey
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Newspaper publishing	Turkey
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung")	Newspaper printing	Germany
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Internet services	Turkey
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Internet services	Turkey
Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Sporarena") <sup>(1)</sup>	Internet publishing	Turkey
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet Yayıncılığı")	Internet publishing	Turkey
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım")	Distribution	Turkey
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	News agency	Turkey
Doğan Dış Ticaret ve Mümessilik A.Ş. ("Doğan Dış Ticaret")	Import and export	Turkey
Falcon Purchasing Services Ltd. ("Falcon")	Foreign Trade	England
Doğan Media International GmbH ("DMI")	Newspaper publishing	Germany
Hürriyet Invest B.V. ("Hürriyet Invest")	Investment	Netherland
Trader Media East Ltd. ("TME")	Investment	Jersey
TCM Adria d.o.o. <sup>(2)</sup>	Investment	Croatia
Mirabridge International B.V.	Investment	Netherland
Publishing International Holding B.V.	Investment	Netherland
OOO RUKOM <sup>(3)</sup>	Internet publishing	Russia
OOO Pronto Samara	Newspaper and Internet publishing	Russia
OOO Pronto Media Holding Ltd. <sup>(4)</sup>	Newspaper and Internet publishing	Russia
OOO SP Belpronto	Newspaper and Internet publishing	Belarus
ZAO Pronto Akzhol <sup>(5)</sup>	Newspaper and Internet publishing	Kazakhstan

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### Publishing (continued)

Subsidiaries	Nature of business	Country
TOO Pronto Akmola <sup>(6)</sup>	Newspaper and Internet publishing	Kazakhstan
ID Impress Media LLC	Publishing	Russia
OOO Rektcentr	Investment	Russia
Publishing House Pennsylvania Inc.	Investment	USA
Joint Ventures	Nature of business	Country
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Planning	Turkey
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Magazine publishing	Turkey
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Magazine publishing	Turkey
SP Pronto Kiev	Newspaper and Internet publishing	Ukraine
TOV E-Prostir	Internet publishing	Ukraine

<sup>(1)</sup> The Company is registered on 6 October 2017.

<sup>(2)</sup> The related subsidiary is in the liquidation process as of 12 June 2017.

<sup>(3)</sup> The related subsidiary has ceased operations in 2012.

<sup>(4)</sup> According to Board of Directors as of 22 November 2017, the related subsidiary has ceased the operations which are in digital platform business.

<sup>(5)</sup> The related subsidiary is in the liquidation process as of 30 September 2017.

<sup>(6)</sup> The related subsidiary is in the liquidation process as of 1 May 2017

#### Broadcasting

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### Broadcasting (continued)

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

#### Retail

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

#### Energy

Subsidiaries	Nature of business	Country
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Energy	Turkey
Galata Wind Enerji A.Ş. ("Galata Wind")	Energy	Turkey
Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz Akaryakıt")	Energy	Turkey
Aytemiz Petrolcülük Ticaret Limited Şirketi (Aytemiz Petrolcülük)	Energy	Turkey
Doel Elektrik Enerjisi Toptan Satış A.Ş. ("Doel Elektrik") <sup>(7)</sup>	Energy	Turkey
İstasyon Petrol Ticaret Limited Şirketi ("İstasyon Petrolcülük") <sup>(8)</sup>	Energy	Turkey

Subsidiaries	Nature of business	Country
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Energy	Turkey
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Energy	Turkey
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Energy	Jersey

<sup>(7)</sup> The Company of the related subsidiary is registered on 10 April 2017.

<sup>(8)</sup> The Company of the related subsidiary is registered on 7 April 2017.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### Other

Subsidiaries	Nature of business	Country
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Production	Turkey
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Turkey
Ditas America LLC ("Ditas America")	Trade	USA
Ditas Trading (Shanghai) Co. Ltd. ("Ditas Trading")	Trade	People's Republic of China
D Stroy Limited ("D Stroy")	Trade	Russia
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trade	Turkey
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Tourism	Turkey
İlke Turistik Yatırımları A.Ş. ("İlke Turistik")	Tourism	Turkey
Marlin Otelcilik ve Turizm A.Ş. ("Marlin Otelcilik")	Tourism	Turkey
Neta Yönetim Danışmanlık Havacılık Hizmetleri A.Ş. ("Neta Yönetim")	Tourism	Turkey
M Investment 1 LLC ("M Investment")	Real estate	USA
Suzuki Motorlu Araçlar Pazarlama A.Ş. ("Suzuki")	Trade	Turkey
Glokal Motorlu Araçlar Pazarlama A.Ş. ("DAF")	Trade	Turkey
Trend Motosiklet Pazarlama A.Ş. ("Trend Motosiklet")	Trade	Turkey
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Öncü Girişim")	Investment	Turkey
Doruk Faktoring A.Ş. ("Doruk Faktoring") <sup>(9)</sup>	Factoring	Turkey
Kelkit Doğan Besi İşletmeleri A.Ş. ("Doğan Besi")	Agriculture	Turkey
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Otomotiv")	Trade	Turkey
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Real estate	Romania
DHI Investment B.V. ("DHI Investment")	Investment	Netherland
Doruk Finansman A.Ş. ("Doruk Finansman") <sup>(10)</sup>	Finance	Turkey
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. ("Değer Merkezi") <sup>(11)</sup>	Management Consultancy	Turkey
<b>Joint Ventures</b>		
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

<sup>(9)</sup> The change of legal name from Doğan Faktoring A.Ş. to Doruk Faktoring A.Ş. was registered on 9 November 2017.

<sup>(10)</sup> The change of trade name from DD Finansman A.Ş. to Doruk Finansman A.Ş. was registered on 7 December 2017. Upon payment of 4,000,000 Euro (full) to the Group as of 25 August 2017, the Group took over shares representing 49% of Doruk Finansman, which is its joint venture through 48% voting rights and is the financing subject to activity (Note 3).

<sup>(11)</sup> The Company of the related subsidiary is registered on 10 August 2017.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

##### 2.1.1 Preparation and Presentation of Financial Statements

##### Adopted Financial Reporting Standards

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

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

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

##### Adjustment to the financial statements in hyperinflationary periods

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

##### Functional and presentation currency

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

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

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

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

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

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

##### 2.1.3 Consolidation principles

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

##### *(a) Subsidiaries*

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

Control is achieved when the Group:

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

###### (a) Subsidiaries (Continued)

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

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

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

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

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

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

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

#### Changes in ownership interests

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

##### (a) Subsidiaries (Continued)

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

##### Publishing

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 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Hürriyet	77,65	77,65	-	-	77,65	77,65	77,65	77,65
Doğan Gazetecilik	92,81	92,81	0,52	0,52	93,33	93,33	92,81	92,81
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Yenibir	100,00	100,00	-	-	100,00	100,00	77,65	77,65
Glokal	100,00	100,00	-	-	100,00	100,00	79,29	77,65
Sporarena <sup>(1)</sup>	100,00	-	-	-	100,00	-	77,65	-
Doğan Internet Yayıncılığı	100,00	100,00	-	-	100,00	100,00	99,73	100,00
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Haber	99,99	99,99	-	-	99,99	99,99	99,99	99,99
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Falcon	100,00	100,00	-	-	100,00	100,00	100,00	100,00
DMI	100,00	100,00	-	-	100,00	100,00	90,52	90,52
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	77,65	77,65
TME	97,29	97,29	-	-	97,29	97,29	75,54	75,54
TCM Adria d.o.o. <sup>(2)</sup>	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing International Holding B.V.	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Pronto Ust Kamenogorsk <sup>(3)</sup>	-	80,00	-	-	-	80,00	-	60,43
OOO RUKOM <sup>(4)</sup>	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Aktove <sup>(5)</sup>	-	64,00	-	-	-	64,00	-	48,35
OOO Pronto Baikal <sup>(6)</sup>	-	100,00	-	-	-	100,00	-	75,54
OOO Pronto Kazan <sup>(7)</sup>	-	72,00	-	-	-	72,00	-	54,39
OOO Pronto Oka <sup>(8)</sup>	-	100,00	-	-	-	100,00	-	75,54
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Media Holding Ltd. <sup>(9)</sup>	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Utro Peterburga <sup>(10)</sup>	-	55,00	-	-	-	55,00	-	41,55
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	45,32	45,32
ZAO Pronto Akzhol <sup>(11)</sup>	80,00	80,00	-	-	80,00	80,00	60,43	60,43
TOO Pronto Akmola <sup>(12)</sup>	100,00	100,00	-	-	100,00	100,00	75,54	75,54
OOO Pronto Atyrau <sup>(13)</sup>	-	80,00	-	-	-	80,00	-	60,43
OOO Pronto Aktau <sup>(14)</sup>	-	80,00	-	-	-	80,00	-	60,43
ID Impress Media LLC	91,00	91,00	-	-	91,00	91,00	68,74	68,74
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	75,54	75,54
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	75,54	75,54

<sup>(1)</sup> The Company of the related subsidiary is registered on 6 October 2017.

<sup>(2)</sup> The related subsidiary is in the liquidation process as of 12 June 2017.

<sup>(3)</sup> The related subsidiary liquidated as of 23 March 2017.

<sup>(4)</sup> The related subsidiary has ceased operations in 2012.

<sup>(5)</sup> The related subsidiary was sold as of 7 June 2017.

<sup>(6)</sup> The related subsidiary liquidated as of 5 September 2017.

<sup>(7)</sup> The related subsidiary liquidated as of 15 November 2017.

<sup>(8)</sup> The related subsidiary liquidated as of 9 June 2017.

<sup>(9)</sup> According to Board of Directors as of 22 November 2017, the related subsidiary has ceased the operations which are in digital platform business.

<sup>(10)</sup> The related subsidiary liquidated as of 14 August 2017.

<sup>(11)</sup> The related subsidiary is in the liquidation process as of 30 September 2017.

<sup>(12)</sup> The related subsidiary is in the liquidation process as of 1 May 2017.

<sup>(13)</sup> The related subsidiary was sold as of 16 November 2017.

<sup>(14)</sup> The related subsidiary liquidated as of 29 September 2017.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

###### (a) Subsidiaries (Continued)

###### Broadcasting

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Doğan TV Holding <sup>(15)</sup>	93,22	92,88	0,10	0,11	93,32	92,99	93,22	92,88
Kanal D	94,97	94,97	5,03	5,03	100,00	100,00	88,53	88,21
Mozaik	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doğan TV Dijital	100,00	100,00	-	-	100,00	100,00	93,30	92,96
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Osmose Media	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Doğan Uydı Haberleşme	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Uydu	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Doruk Televizyon	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Bravo") <sup>(16)</sup>	-	100,00	-	-	-	100,00	-	92,96
Doğa TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Dark Yapımcılık	100,00	70,00	-	-	100,00	70,00	88,53	61,75
Altın Kanal	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Stil TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Selenit TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Trend Televizyon ve Radyo Yayıncılık A.Ş. ("Trend TV") <sup>(17)</sup>	-	100,00	-	-	-	100,00	-	92,96
Ekinoks TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Fleks TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Kutup TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Galaksi TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Yörünge TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Tematik TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Süper Kanal	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Eko TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Blutv İletişim	100,00	100,00	-	-	100,00	100,00	90,96	90,63
Prime Türk	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Fun TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Tempo TV	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Kanalspor	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Milenyum TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
TV 2000	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Popüler TV	100,00	100,00	-	-	100,00	100,00	93,30	92,96
Kanal D Romanya	99,99	99,99	-	-	99,99	99,99	93,22	92,88
Rapsodi Radyo	100,00	100,00	-	-	100,00	100,00	93,22	92,88
DMC	100,00	100,00	-	-	100,00	100,00	93,22	92,88
Mavi Digital	100,00	100,00	-	-	100,00	100,00	88,53	88,21

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

<sup>(16)</sup> The related subsidiary was sold as of 3 April 2017.

<sup>(17)</sup> The related subsidiary was sold as of 5 May 2017.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

###### (a) Subsidiaries (Continued)

###### Retail

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
D&R	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Hürservis	100,00	100,00	-	-	100,00	100,00	100,00	100,00
A.G.T. Tanıtım	90,00	90,00	-	-	90,00	90,00	90,00	90,00

###### Energy

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Galata Wind	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Tes Elektrik Enerjisi Toptan Satış A.Ş. ("D tes") <sup>(18)</sup>	-	100,00	-	-	-	100,00	-	100,00
Aytemiz Akaryakıt	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Aytemiz Petrolcülük	100,00	100,00	-	-	100,00	100,00	50,00	50,00
Gaziemir Petrol Ticaret Limited Şirketi ("Gaziemir") <sup>(19)</sup>	-	100,00	-	-	-	100,00	-	50,00
Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet") <sup>(19)</sup>	-	-	-	-	-	-	-	-
Doel Elektrik <sup>(20)</sup>	100,00	-	-	-	100,00	-	100,00	-
İstasyon Petrolcülük <sup>(21)</sup>	100,00	-	-	-	100,00	-	50,00	-

###### Other

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Çelik Halat	78,85	78,85	-	-	78,85	78,85	78,85	78,85
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Ditas America	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Ditas Trading <sup>(22)</sup>	100,00	100,00	-	-	100,00	100,00	73,59	73,59
D Stroy	100,00	100,00	-	-	100,00	100,00	73,59	73,59
Milpa	86,27	86,27	0,16	0,16	86,43	86,43	86,27	86,27
Milta Turizm	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Marlin Oto Kiralama Seyahat Hizmetleri A.Ş. ("Marlin Oto") <sup>(23)</sup>	-	100,00	-	-	-	100,00	-	100,00
İlke Turistik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Marlin Otelcilik	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Neta Yönetim	100,00	100,00	-	-	100,00	100,00	100,00	100,00
M Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00

<sup>(18)</sup> The merge of related subsidiary with Galata Wind has been registered as of 28 December 2017.

<sup>(19)</sup> The merge of related subsidiary with Aytemiz Petrolcülük has been registered as of 25 December 2017.

<sup>(20)</sup> The related subsidiary was registered on 7 April 2017.

<sup>(21)</sup> The related subsidiary was registered on 4 April 2017.

<sup>(22)</sup> The related subsidiary is in the liquidation process as of 20 January 2017

<sup>(23)</sup> The merge of related subsidiary with Doğan Enerji has been registered as of 18 August 2017.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

###### (a) Subsidiaries (Continued)

###### Other (Continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Suzuki	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Trend Motosiklet	99,84	99,84	-	-	99,84	99,84	99,84	99,84
DAF	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Öncü Girişim <sup>(24)</sup>	100,00	100,00	-	-	100,00	100,00	98,20	100,00
Doruk Faktoring	100,00	100,00	-	-	100,00	100,00	98,86	98,86
Orta Anadolu Otomotiv	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Doğan Besi <sup>(27)</sup>	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Değer Merkezi <sup>(25)</sup>	100,00	-	-	-	100,00	-	100,00	-
Doruk Finansman <sup>(26)</sup>	97,02	-	2,98	-	100,00	-	97,02	-

<sup>(24)</sup> After the capital increase performed by partially limiting the related subsidiary's rights to purchase new shares and registered on [2 August 2017], the Group's effective ownership interest was changed in consequence of contributions to the capital by Doğan Gazetecilik, which owns 25% of the shares of Öncü Girişim.

<sup>(25)</sup> The related subsidiary was registered on 10 August 2017.

<sup>(26)</sup> Explained in Note 3.

<sup>(27)</sup> The trade name of Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. was changed as Kelkit Doğan Besi İşletmeleri A.Ş. in 2018.

###### (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.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

##### 2.1.4 Offsetting

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

##### 2.1.5 Comparative information and restatement of previously reported financial statements

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

In accordance with the board decision dated 22 November 2017 of Pronto Media Holding, located in Russia as the indirect subsidiary of Trader Media East Ltd, of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, and classified such operations as "discontinued operations." In order to ensure consistency with the presentation of current period financial statements, the Group included such activities as discontinued operations in the income statement for the accounting period of 1 January-31 December 2016, related footnotes and cash flow statement.

In order to allow the determination of financial position and performance, the Group has made some reclassifications in order to conform to current period financial statements for prior periods. The nature of the classifications and amounts are as follows:

- The "Traffic Support" expenses amounting to TL 5.926 reclassified under "Cost of Sales" in the consolidated income statement for the period 1 January-31 December 2016, has been reclassified as "Marketing Expenses" in the related period in order to comply with the financial statements in the consence prepared as of 31 December 2017.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

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

Amendments in the accounting policy due to application of a new Turkish Accounting Standard (TAS) for the first time are applied retrospectively or prospectively in line with transition provisions of such TAS. Significant accounting errors detected are applied retrospectively, and financial statements for the previous period are reorganized. Amendments in accounting estimates are applied in the current period if they are related to a single period, and both in the current period and prospectively if they are related to upcoming periods.

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

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

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

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

- Amendments to TAS 7, "Statement of cash flows"; on disclosure initiative effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments TAS 12, "Income Taxes"; effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2017:
  - TFRS 12, "Disclosure of interests in other entities"; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of TFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

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

###### b) Standards and amendments published but not yet effective as of 31 December 2017:

- TFRS 9, "Financial instruments"; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group evaluated the effect of this standard within its operations and does not expect any material impact. The Company plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying TFRS 9, as at 1 January 2018, to retained earnings and not restate prior years. The Company performed a detailed assessment of TFRS 9 during 2017.
- 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 Company plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying TFRS 15, as at 1 January 2018, to retained earnings and not restate prior years. The Company performed a detailed assessment of TFRS 15 during 2017.
- Amendments to TFRS 4, "Insurance contracts" regarding the implementation of TFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The Group has completed detailed assessment related with the effects of aforementioned change on Group's financial position and performance and no significant impact is expected. The amended standard will:
  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39.
- Amendment to TAS 40, "Investment property" relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Group has completed detailed assessment related with the effects of aforementioned change on Group's financial position and performance and no significant impact is expected.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 2.1 Basis of Presentation (Continued)

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

b) Standards and amendments published but not yet effective as of 31 December 2017:

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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

#### 2.1 Basis of Presentation (Continued)

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

###### b) Standards and amendments published but not yet effective as of 31 December 2017 (Continued)

- TFRS 16, "Leases"; effective from periods beginning on or after 1 January 2019, this standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, updated guidance on the definition of a lease (as well as the updated guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- TFRS Interpretation 23, "Uncertainty over income tax treatments"; effective from periods beginning on or after 1 January 2019. This TFRS clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. TFRS 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRS 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- TFRS 17, "Insurance contracts"; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The mentioned standards above are expected to be effective in 2018 and the following years. The Group has not yet determined the possible effects on its financial statements in consequence of applying such standards, other than the abovementioned effects, and does not expect these differences to have a significant effect on its financial statements.

##### 2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 3,7719 = USD 1,00 as of 31 December 2017. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

#### 2.2 Summary of Significant Accounting Policies

##### Related parties

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

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

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

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

##### Cash and cash equivalents

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### 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).

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. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is 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.



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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Financial instruments

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

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

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

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

The gain or loss relating to available for sale financial assets less any impairment loss and exchange gain and loss, is recognized in other comprehensive income. Cumulative gain or loss previously recognized in other comprehensive income is removed from equity and classified to profit or loss as reclassification adjustments. On the other hand, the interests calculated based on the effective interest rate method are accounted for under profit or loss statements (Note 7).

#### Derivative financial instruments and hedge accounting

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

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Investment properties

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

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

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

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

##### Property, plant and equipment

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

#### Financial leases

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Operating lease

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

##### Intangible assets and related amortization

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

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

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

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

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

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



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

#### 2.2 Summary of Significant Accounting Policies (Continued)

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

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

#### Development costs

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

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

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

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

#### 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.

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

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

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

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

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

##### Taxation

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Taxation (Continued)

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

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

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

##### Current and deferred tax

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

##### Financial borrowings and borrowing costs

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

##### Financial liabilities regarding to put options of non-controlling interests

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Employment termination benefits

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

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

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

##### Provisions, contingent assets and liabilities

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

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

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

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

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

##### Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognized as income by the Group when right to obtain 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).

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Revenue recognition

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

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

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

##### a) Publishing and broadcasting segments

###### Advertisement revenue

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

###### Subscription revenue

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

###### Revenues from circulation, magazine sales and distribution

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



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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Revenue recognition (Continued)

###### Newspaper sales returns and provisions

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

###### Revenue from printing services

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

##### b) Energy segment

Revenue is the fair value of amount of electricity delivered the event that the consideration received or receivable. Revenue is recorded at the invoiced amounts, on accrual basis. Net sales are shown after deducting, invoiced electricity delivery, sales commissions and sales taxes. Revenue obtained from transmission charges, is shown in the financial statements by netting off with related costs. Fuel sales are measured over the fair value of collected or collectable receivable amounts. Estimated customer returns, discounts and allowances are deducted from the amount in question. Revenue obtained from the sale of fuel is recognized when significant risks and rewards related to product to the buyer are transferred, revenue is reliably measured, in case of an inflow of probable economic benefits associated with the transaction and occurring or to be occurred costs regarding the transaction can be measured reliably.

##### c) Retail segment

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

##### d) Other segment

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

###### Real estate sales (Revenue proceeds from buyers)

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Tourism revenue

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

##### Rental revenue

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

##### Vehicle sales revenue

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

##### Barter agreements

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

##### Business combinations

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

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

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

#### Goodwill

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

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

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

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### 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.

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 2017 and 31 December 2016 are summarized below:

Country	Currency	31 December 2017	31 December 2016
Eurozone	Euro	4,5155	3,7099
Russia	Ruble	0,0651	0,0573
USA	USD	3,7719	3,5192
Romania	New Lei	0,9637	0,8131
Kazakhstan	Tenge	0,0113	0,0106



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### 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 five main segments as of 31 December 2017; "Publishing", "Broadcasting", "Retail", "Energy" and "Other" by the management. The Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements. As the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary (Note 5).

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

##### Earnings/ (loss) per share

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

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

##### Non-current assets held for sale and discontinued operations

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

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

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

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Government grants

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

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

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

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

##### Subsequent events

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

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

##### Statement of cash flows

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

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

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

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

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

#### 2.3 Critical Accounting Estimates, Assumptions and Decisions

##### 2.3.1 Critical accounting estimates and assumptions

##### a) Impairment of goodwill and intangible assets

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

The analysis for goodwill impairment for the period ended 31 December 2017 has been performed as explained in detail below by the Group. The recoverable amount of cash generating units is determined by calculating the amount that would be obtained through sales. These calculations are measured based on estimated cash flows after tax using financial budgets covering a five-year period. EBITDA estimates (gross margin before budgeted interest, tax, depreciation and amortization, provision for impairment and other non-operating expenses) have a significant role in these calculations.

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

	31 December 2017		31 December 2016	
	EBITDA margin rate (%) <sup>(1)</sup>	Discount rate (%) <sup>(2)</sup>	EBITDA margin rate (%) <sup>(1)</sup>	Discount rate (%) <sup>(2)</sup>
Broadcasting	17,00-30,00	15,97	21,00	15,46
Publishing				
Russia	3,70-11,10	17,90-22,10	42,90	18,00
Turkey	17,40	18,00	11,28	16,70

<sup>(1)</sup> Average budgeted EBITDA margin in the projection period

<sup>(2)</sup> Weighted average cost of capital rate.

The analysis for goodwill impairment for the period ended 31 December 2017 and 31 December 2016 has been performed as explained in detail below by the Group. Recoverable amount of cash generating units are calculated based on value in use. These calculations are measured based on estimated cash flows after tax using financial budgets covering a five-year period. EBITDA estimates (gross margin before budgeted interest, tax, depreciation and amortization, provision for impairment and other non-operating expenses) have a significant role in these calculations.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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

#### 2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

##### 2.3.1 Critical accounting estimates and assumptions (Continued)

##### a) Impairment of goodwill and intangible assets (Continued)

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

	31 December 2017		31 December 2016	
	EBITDA margin rate (%)	Discount rate (%)	EBITDA margin rate (%)	Discount rate (%)
TME	3,70-11,10	17,90-22,10	42,90	18,00

Group management recognized impairment loss for intangible assets amounting to TL 279.097 and TL 77.148 for the period 1 January-31 December 2017 and 1 January - 31 December 2016 respectively. Impairment loss for intangible assets are due to the decrease in the budgeted financial performance of TME (Note 15,28).

In accordance with the accounting policy mentioned in Note 2.2, goodwill is annually tested for impairment by the Group. Recoverable amount of cash generating units are calculated based on the value in use. These calculations require making estimations. This impairment test is conducted by comparing present and carrying values of cash flows, which are calculated within the scope of five-year plans of the Group's goodwill generating business units.

##### Broadcasting and Publishing

The Group has used a growth rate of 26% for the next year and a weighted average annual growth rate of 12% for next four years in revenue estimates based on financial budgets over five years presented to the board of directors and has discounted the corresponding cash flows by 15.97%. The fixed growth rate of 3% was used to estimate the cash flows to be generated in the periods after the projection period. The sensitivity analysis of the impairment study is as follows:

- If the post-tax discount rate used in the calculation of discounted cash flows was 1% higher/lower, as of 31 December 2017, value-in-use calculated would be lower by TL55.623 or higher by TR65.271.
- If a weighted average annual growth rate used in the estimation of revenue that are main driver of the calculation of discounted cash flows was 1% higher/lower, as of 31 December 2017, value-in-use calculated would be higher by TL245.792 or lower by TL160.370.

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

#### 2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

##### 2.3.1 Critical accounting estimates and assumptions (Continued)

##### a) Impairment of goodwill and intangible assets (Continued)

###### *Broadcasting and Publishing (Continued)*

- If the fixed growth rate used to estimate the cash flows to be generated in the periods after the projection period was 1% higher/lower, as of 31 December 2017, value-in-use calculated would be higher by TL31.770 or lower by TL27.222.

As a result of the goodwill impairment tests made using the above assumptions, no impairment was detected as of 31 December 2017.

###### *Publishing*

- If the fixed discount rate used to estimate the cash flows to be generated in the periods after the projection period was 1% higher/lower, as of 31 December 2017, reduced value of net cash flows to be generated by the group would be higher by TL18.478 or lower by TL15.770.

As a result of the goodwill impairment tests made using the above assumptions, no impairment was detected as of 31 December 2017.

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

As of November 2011, the Group management considered the VAT principle amounting to TL 454.281 imposed as a consequence of share exchanges and transfers recognised in the statutory accounts of Doğan TV Holding, D Yapım, Doğan Prodüksiyon (the related subsidiary merged with D Yapım in 2013 and dissolve without liquidation) and Alp Görsel (the related subsidiary merged with Doğan TV in 2014 and dissolved without liquidation) and restructured within the scope of Law no: 6111 in the year 2011 as input VAT through issuance of "recourse VAT invoice" by each entity who transfers the shares to the respective entity, sequentially with the amount of corresponding VAT imposed. In this context, input VAT amounting to TL 367.990 and TL 86.291 have been recognised in the statutory records of D Yapım and Doğan TV Holding respectively. Due to the specific nature of the transaction and considering precautionary principle, the Group management adopted the policy that such "Deductible VAT" should not be recorded as an asset in the consolidated financial statements based on its actual utilization in subsequent taxation periods. However, the Group management revised the issue at this point, restated the consolidated financial statements as of 31.12.2016 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 TL 6.281 of the related "deductible VAT" asset in "other current assets" and TL 414.601 in "other non-current assets."

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

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

#### 2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

##### 2.3.1 Critical accounting estimates and assumptions (Continued)

##### *d) Useful lives of intangible assets*

Useful lives of some trademarks are estimated to be infinite by the Group management (Note 15). Where useful lives of related intangible assets are definite (in case of 20 years), amortization of such intangible assets' would increase by TL 254 (2016: TL 10.797) and profit before tax and non-controlling interests would decrease by TL 254 (2016: TL 10.797).

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

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

- if useful lives were 10% higher, amortization would decrease by TL 23 and profit before tax and non-controlling interests would increase by TL 23 (2016: TL 1.425); or
- if useful lives were 10% lower, amortization would increase by TL 28 and profit before tax and non-controlling interests would decrease by TL 28 (2016: TL 1.742)

##### *e) 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 TL 32.579 (31 December 2016: TL 19.853) arising from carry forward tax losses amounting to TL 162.895 as of 31 December 2017 (31 December 2016: TL 99.266). As of 31 December 2017, deferred tax assets not calculated arising from carry forward tax losses are TL 1.580.789 (31 December 2016: TL 1.416.965) (Note 31).

##### *f) 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. Additionally, the Group assesses to provide provision for its receivables for which there are no special agreed guarantees and overdue for more than a year. As of 31 December 2017, doubtful provision is TL 257.243 (31 December 2016: TL 273.204) (Note 9).

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

#### 2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

##### 2.3.1 Critical accounting estimates and assumptions (Continued)

##### *f) Provision for doubtful trade receivables (Continued)*

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

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

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

##### *g) Investment properties*

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

### NOTE 3 - BUSINESS COMBINATIONS

#### Acquisition of Hakimiyet Petrol's shares

The Group purchased the remaining 50% share of Hakimiyet Petrol Ticaret Limited Şirketi ("Hakimiyet Petrol"), which was a joint venture that Group had 50% voting rights, as of 30 March 2017 for TL 50.000 (exact). The purchase made in accordance with the Group's growth and oil sales targets in the energy market in Turkey. The Group's portion of the difference between net cash inflow and net liabilities as of acquisition date is recognized as goodwill impairment (Note 28) (31 December 2016:None). The merge of related subsidiary with Aytemiz Petrolcülük has been registered on 25 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 TL 16.408 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 ("TFRS 3") standard.

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### NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

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

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

Joint Ventures	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
ASPM Holding B.V. <sup>(1)</sup>	-	51,00	-	-	-	51,00	-	38,53
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
Doruk Finansman <sup>(2)</sup>	-	48,00	-	3,00	-	51,00	-	48,00
Doğan Burda	45,02	45,02	0,27	0,27	45,29	45,29	45,02	45,02
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	50,00	50,00
DPP	56,00	56,00	-	-	56,00	56,00	56,00	56,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Hakimiyet Petrol <sup>(3)</sup>	-	50,00	-	-	-	50,00	-	25,00
Kandilli Gayrimenkul	50,00	50,00	-	-	50,00	50,00	50,00	50,00
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	37,77	37,77
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	37,77	37,77
Ultra Kablolu <sup>(4)</sup>	50,00	50,00	-	-	50,00	50,00	50,00	50,00

<sup>(1)</sup> The related joint venture went into liquidation as of 10 August 2017.

<sup>(2)</sup> Explained in Note 3.

<sup>(3)</sup> The merge of related subsidiary with Aytemiz Petrolcülük has been registered on 25 December 2017.

<sup>(4)</sup> The related joint venture has ceased its operations as of November 2006.

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

Profit and loss arising from the transactions between the Group's subsidiaries and its joint ventures 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 2017 and 31 December 2016 are as follows:

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 <sup>(1)</sup>	-	-	-	-	3.132	(4.404)	(2.114)
Gas Plus Erbil	494.374	1.768	492.606	246.303	-	(769)	(385)
Kandilli Gayrimenkul	171.036	8.964	162.072	81.036	-	18.741	9.371
Doğan Burda	51.220	28.090	23.130	10.413	80.437	(3.079)	(1.386)
Diğer	75.194	33.912	41.282	20.663	75.391	5.500	2.724
<b>Total</b>	<b>791.824</b>	<b>72.734</b>	<b>719.090</b>	<b>358.415</b>	<b>158.960</b>	<b>15.989</b>	<b>8.210</b>
Boyabat Elektrik <sup>(2)</sup>	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)

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

<sup>(2)</sup> Doğan Holding has given bail amounting to USD 78.732 (TL 296.969) (31 December 2016: USD 64.390 (TL 226.601)) as a guarantee for Boyabat Elektrik's long-term project financing loan. This amount is calculated by taking into account the application of of TAS 28 item 39 and the Group's share of net liabilities at Boyabat Elektrik, even if the net assets of the Group have fallen to zero or below, It is limited to the amount of guarantee the Holding gives to the project financing loan.

31 December 2016	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	85.756	77.581	8.175	3.924	25.259	(43.348)	(20.807)
Gas Plus Erbil	441.627	7.188	434.439	217.220	-	(2.434)	(1.217)
Kandilli Gayrimenkul	147.835	4.505	143.330	71.665	-	6.028	3.014
Doğan Burda	54.224	27.689	26.535	11.946	89.485	(3.977)	(1.790)
Diğer	62.040	25.728	36.312	18.716	55.907	431	189
<b>Total</b>	<b>791.482</b>	<b>142.691</b>	<b>648.791</b>	<b>323.471</b>	<b>170.651</b>	<b>(43.300)</b>	<b>(20.611)</b>
Aslancık Elektrik	462.297	464.372	(2.075)	(692)	102.689	(44.673)	(14.890)
Boyabat Elektrik	2.085.027	2.882.785	(797.758)	(226.601)	255.442	(490.045)	(133.571)

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

	2017	2016
<b>1 January</b>	<b>96.178</b>	<b>153.816</b>
Dividend income from Joint Ventures	(298)	(2.407)
Currency translation differences	14.987	41.499
Share of Gain (Loss) on Investments Accounted for by the Equity Method	(74.840)	(169.072)
Capital increase	14.482	72.342
Actuarial gains (losses) on defined benefit plans	(626)	-
Disposal <sup>(*)</sup>	(1.810)	-
<b>31 December</b>	<b>48.073</b>	<b>96.178</b>

<sup>(\*)</sup> Explained in Note 3.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ENDED ON 31 DECEMBER 2017

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

Condensed statement of financial position information (Continued):

31 December 2016	Boyabat Elektrik	Aslancık Elektrik	Doruk Finansman	Kandıllı Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other	Total
Cash and cash equivalents	49.661	6.711	34.778	35	49	14.926	6.571	112.731
Other current assets	99.108	20.135	50.021	1.794	-	34.631	48.223	253.912
Other non-current assets	1.936.258	435.451	957	146.006	441.578	4.667	7.246	2.972.163
<b>Total assets</b>	<b>2.085.027</b>	<b>462.297</b>	<b>85.756</b>	<b>147.835</b>	<b>441.627</b>	<b>54.224</b>	<b>62.040</b>	<b>3.338.806</b>
Short-term borrowings	285.880	80.777	-	-	-	-	3.160	369.817
Other short-term liabilities	26.629	28.418	1.672	225	6.442	19.391	22.138	104.915
Liabilities regarding finance sector	-	-	75.909	-	-	-	-	75.909
Long-term borrowings	2.423.088	354.903	-	-	-	-	-	2.777.991
Other long-term liabilities	147.188	274	-	4.280	746	8.298	430	161.216
<b>Total liabilities</b>	<b>2.882.785</b>	<b>464.372</b>	<b>77.581</b>	<b>4.505</b>	<b>7.188</b>	<b>27.689</b>	<b>25.728</b>	<b>3.489.848</b>
Net assets:	(797.758)	(2.075)	8.175	143.330	434.439	26.535	36.312	(151.042)
Group's share	0,33	0,33	0,48	0,50	0,50	0,45		
<b>Group's net asset share</b>	<b>(226.601)</b>	<b>(692)</b>	<b>3.924</b>	<b>71.665</b>	<b>217.220</b>	<b>11.946</b>	<b>18.716</b>	<b>96.178</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

1 January - 31 December 2017	Boyabat Elektrik	Asilancık Elektrik	Doruk Finansman <sup>(1)</sup>	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	285.528	82.612	3.132	-	-	80.437	75.391
Operating profit/(loss)	6.121	24.728	(5.032)	20.930	(706)	(3.860)	8.057
Net financial (expense)/income	(512.736)	(66.096)	-	151	(37)	(192)	1.420
Profit/(loss) before income tax	(506.615)	(41.368)	(4.882)	21.082	(769)	(3.971)	3.281
Currency translation differences	-	-	-	-	29.974	-	-
<b>Total comprehensive income/(loss)</b>	<b>(514.327)</b>	<b>(38.048)</b>	<b>(4.404)</b>	<b>18.741</b>	<b>29.205</b>	<b>(3.079)</b>	<b>5.500</b>
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,50</i>	<i>0,45</i>	
<b>Group's net share on profit/(loss)</b>	<b>(70.369)</b>	<b>(12.681)</b>	<b>(2.114)</b>	<b>9.371</b>	<b>(385)</b>	<b>(1.386)</b>	<b>2.724</b>

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

1 January- 31 December 2016	Boyabat Elektrik	Asilancık Elektrik	Doruk Finansman	Kandilli Gayrimenkul	Gas Plus Erbil	Doğan Burda	Other
Revenue	255.442	102.689	25.259	-	-	89.485	55.907
Operating profit/(loss)	94.394	38.570	(36.314)	7.598	(2.358)	(4.303)	10.156
Net financial (expense)/income	(574.754)	(97.302)	(504)	-	(39)	(208)	(1.477)
Profit/(loss) before income tax	(480.360)	(58.732)	(34.764)	433	(2.434)	(4.506)	2.173
Currency translation differences	-	-	-	-	82.997	-	82.997
<b>Total comprehensive income/(loss)</b>	<b>(490.045)</b>	<b>(44.673)</b>	<b>(43.348)</b>	<b>6.028</b>	<b>80.563</b>	<b>(3.977)</b>	<b>431</b>
<i>Group's share</i>	<i>0,33</i>	<i>0,33</i>	<i>0,48</i>	<i>0,50</i>	<i>0,50</i>	<i>0,45</i>	
<b>Group's net share on profit/(loss)</b>	<b>(133.571)</b>	<b>(14.890)</b>	<b>(20.807)</b>	<b>3.014</b>	<b>(1.217)</b>	<b>(1.790)</b>	<b>189</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 5 - SEGMENT REPORTING

#### a) External revenue

	1 January - 31 December 2017	1 January - 31 December 2016
Publishing	1.151.350	1.100.177
Broadcasting	1.122.167	1.091.013
Retail	802.214	676.007
Energy	6.500.615	4.334.052
Other	902.008	553.323
	10.478.354	7.754.572

#### b) Profit/(loss) before income tax

	1 January - 31 December 2017	1 January - 31 December 2016
Publishing	31.880	68.335
Broadcasting	(160.809)	(118.218)
Retail	16.185	3.211
Energy	(11.011)	(117.241)
Other	(105.532)	100.493
	(229.287)	(63.420)

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 5 - SEGMENT REPORTING (Continued)

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

	Publishing	Broadcasting	Retail	Energy	Other	Inter Segment Elimination	Total
External revenue	1.151.350	1.122.167	802.214	6.500.615	902.008	-	10.478.354
Inter segment revenue	64.948	28.360	1.028	32.149	24.822	(151.307)	-
<b>Total revenue</b>	<b>1.216.298</b>	<b>1.150.527</b>	<b>803.242</b>	<b>6.532.764</b>	<b>926.830</b>	<b>(151.307)</b>	<b>10.478.354</b>
Revenue	1.216.298	1.150.527	803.242	6.532.764	926.830	(151.307)	10.478.354
Cost of sales	(883.991)	(953.576)	(493.658)	(6.125.962)	(677.762)	89.760	(9.045.189)
<b>Gross profit/(loss)</b>	<b>332.307</b>	<b>196.951</b>	<b>309.584</b>	<b>406.802</b>	<b>249.068</b>	<b>(61.547)</b>	<b>1.433.165</b>
General administrative expenses	(136.051)	(104.426)	(28.220)	(32.422)	(124.795)	34.076	(391.838)
Marketing expenses	(147.461)	(145.679)	(265.053)	(215.154)	(49.080)	26.684	(795.743)
Share of gain/(loss) on investments accounted for by the equity method	1.685	-	-	(83.434)	6.909	-	(74.840)
Other income/(expenses) from operating activities, net	8.105	19.673	1.487	82.790	70.626	(873)	181.808
Income/(expenses) from investing activities, net	21.945	43	7.170	3.502	(115.503)	(1.740)	(84.583)
Financial income/(expenses), net	(48.650)	(127.371)	(8.783)	(173.095)	(142.757)	3.400	(497.256)
<b>Profit/(loss) before tax from continuing operations</b>	<b>31.880</b>	<b>(160.809)</b>	<b>16.185</b>	<b>(11.011)</b>	<b>(105.532)</b>	<b>-</b>	<b>(229.287)</b>
Loss after tax from discontinued operations	(252.360)	-	-	-	-	-	(252.360)

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 5 - SEGMENT REPORTING (Continued)

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

	Publishing	Broadcasting	Retail	Energy	Other	Inter Segment Elimination	Total
External revenue	1.100.177	1.091.013	676.007	4.334.052	553.323	-	7.754.572
Inter segment revenue	38.548	23.866	846	31.689	40.883	(135.832)	-
<b>Total revenue</b>	<b>1.138.725</b>	<b>1.114.879</b>	<b>676.853</b>	<b>4.365.741</b>	<b>594.206</b>	<b>(135.832)</b>	<b>7.754.572</b>
Revenue	1.138.725	1.114.879	676.853	4.365.741	594.206	(135.832)	7.754.572
Cost of sales	(805.080)	(837.540)	(409.509)	(4.046.868)	(449.940)	72.533	(6.476.404)
<b>Gross profit/(loss)</b>	<b>333.645</b>	<b>277.339</b>	<b>267.344</b>	<b>318.873</b>	<b>144.266</b>	<b>(63.299)</b>	<b>1.278.168</b>
General administrative expenses	(131.274)	(103.464)	(24.221)	(25.674)	(117.731)	40.846	(361.518)
Marketing expenses	(166.443)	(127.767)	(227.574)	(182.618)	(35.408)	20.377	(719.433)
Share of gain/(loss) on investments accounted for by the equity method	534	-	-	(149.506)	(20.100)	-	(169.072)
Other income/(expenses) from operating activities, net	47.915	(54.142)	(7.385)	60.505	179.135	3.432	229.460
Income/(expenses) from investing activities, net	26.003	(1.013)	(97)	3.784	34.045	(3.659)	59.063
Financial income/(expenses), net	(42.045)	(109.171)	(4.856)	(142.605)	(83.714)	2.303	(380.088)
<b>Profit/(loss) before tax from continuing operations</b>	<b>68.335</b>	<b>(118.218)</b>	<b>3.211</b>	<b>(117.241)</b>	<b>100.493</b>	<b>-</b>	<b>(63.420)</b>
<b>Loss after tax from discontinued operations</b>	<b>(84.652)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84.652)</b>



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 5 - SEGMENT REPORTING (Continued)

#### d) Segment assets

Total assets	31 December 2017	31 December 2016
Publishing	1.580.089	1.706.149
Broadcasting	1.774.132	1.697.097
Retail	424.847	315.537
Energy	2.525.337	1.730.603
Other	9.805.647	9.025.193
<b>Total</b>	<b>16.110.052</b>	<b>14.474.579</b>
Less: segment elimination <sup>(1)</sup>	(6.831.541)	(6.221.801)
<b>Total assets per consolidated financial statements</b>	<b>9.278.511</b>	<b>8.252.778</b>
<b>Shareholder's equity</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
Publishing and broadcasting	1.025.510	1.176.026
Retail	89.019	80.391
Energy	1.293.352	1.172.536
Other	7.876.697	7.737.620
<b>Total</b>	<b>10.284.578</b>	<b>10.166.573</b>
Less: segment elimination <sup>(2)</sup>	(7.676.215)	(7.167.345)
<b>Total shareholders' equity per consolidated financial statements</b>	<b>3.000.066</b>	<b>3.438.046</b>
Non-controlling interests	391.703	438.818
<b>Equity attributable to equity holders of the parent company</b>	<b>2.608.363</b>	<b>2.999.228</b>

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 5 - SEGMENT REPORTING (Continued)

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

Purchases	1 January - 31 December 2017	1 January - 31 December 2016
Publishing	45.030	45.995
Broadcasting	455.439	347.861
Retail	25.282	12.704
Energy	376.990	255.984
Other	108.669	180.705
<b>Total</b>	<b>1.011.410</b>	<b>843.249</b>
Depreciation and amortisation		
Publishing	29.272	41.251
Broadcasting	382.525	285.694
Retail	9.597	9.146
Energy	126.983	107.243
Other <sup>(1)</sup>	57.162	31.487
<b>Total</b>	<b>605.539</b>	<b>474.821</b>

<sup>(1)</sup> Depreciation expense related to other segment amounting to TL 138 has been recognised under inventory account (31 December 2016: TL 145).

### NOTE 6 - CASH AND CASH EQUIVALENTS

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

	31 December 2017	31 December 2016
Cash	9.214	7.475
Banks		
- demand deposits	215.401	173.837
- time deposits	1.379.444	1.226.385
Other liquid assets	104.408	104.466
	<b>1.708.467</b>	<b>1.512.163</b>

As of 31 December 2017, the gross effective interest rates of USD, EUR and TL denominated time deposits are between gross 1,00% and 4,00% (31 December 2016: 0,35% and 3,59%), 0,01% and 1,85% (31 December 2016: 0,01% and 2,00%) and 1,00% and 15,00% (31 December 2016: 2,00% and 11,60%), respectively and the maturity of the time deposits is shorter than 3 months.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2017, other liquid assets consist of credit card slip receivables amounting to TL 104.408 (31 December 2016: TL 104.435). Blocked deposits are not available (31 December 2016: TL 31).

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

	31 December 2017	31 December 2016	31 December 2015
Cash and cash equivalents	1.708.467	1.512.163	1.894.260
Accrued interest (-)	(641)	(3.286)	(7.361)
Cash and cash equivalents	1.707.826	1.508.877	1.886.899

### NOTE 7 - FINANCIAL INVESTMENTS

#### a) Short-term financial investments

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

	31 December 2017	31 December 2016
Private sector bonds and bills	71.741	114.882
Blocked deposits <sup>(1)</sup>	2	173.870
	71.743	288.752

<sup>(1)</sup> As of 31 December 2017, Doğan Holding has blocked bank deposits for other subsidiaries amounting to TL 2 (As of 31 December 2016 guarantees given of USD 26.000 (TL 91.499), TL 80.000 blocked bank deposits for its subsidiary Mozaik, and TL 2.371 blocked bank deposits for other subsidiaries).

Private sector bonds and bills are dominated in TL and USD and their weighted average interest rates are annually 15,68% and 5,36% respectively (31 December 2016: TL 13,40%, USD 4,41%).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 7 - FINANCIAL INVESTMENTS (Continued)

#### b) Long-term financial investments

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

	31 December 2017		31 December 2016	
	TL	(%)	TL	(%)
Lexin Nassau L.P. <sup>(1) (2)</sup>	96.080	22,15	70.059	22,15
Mediterra Capital Partners I LP	10.665	1,88	-	-
Sosyo Plus Bilgi Bilişim Teknoloji. Dan.Hiz.Tic.A.	5.191	3,28	579	1,64
Mediterra Capital Partners II LP	3.750	2,23	1.797	2,23
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.	2.700	<1	1.700	<1
Düş Yeri Bilişim Teknolojileri ve Animasyon A.Ş.	2.653	3,75	-	-
Other	4.098	<1	2.581	<1
	<b>125.137</b>		<b>76.716</b>	

<sup>(1)</sup> Lexin Nassau L.P. is classified under long term investments of M Investment, a subsidiary of the Group. The investment is accounted for as available-for-sale financial assets and at 31 December 2017 the fair value is recorded at TL 96.080 (USD 25.473). Group, paid TL 2.208 (USD 600) for the capital increase of Lexin Nassau L.P. made on 11 April 2017 and participated in its own share

<sup>(2)</sup> 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 investee entities,
- Providing know-how required for business operations or administrative officer exchange between entities.

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

	2017	2016
1 January	76.716	41.598
Purchase of available for sale financial assets	16.124	2.376
Change in fair value		
<i>Recognized in equity</i>	22.565	23.212
<i>Recognized in the statement of income</i>	3.784	-
Currency translation differences	2.740	9.530
Capital increase	3.208	-
<b>31 December</b>	<b>125.137</b>	<b>76.716</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS

#### a) Financial borrowings

The reconciliation of the net financial borrowings as of 31 December 2017 and 2016 are as follows:

	2017	2016
Cash and cash equivalents (Note 6)	1.707.826	1.508.877
Short term borrowings	(2.617.603)	(1.393.837)
Long term borrowings	(747.215)	(895.383)
Other financial liabilities	(666.291)	(519.829)
	(2.323.283)	(1.300.172)

	Short and long term borrowings	Cash and cash equivalents	Net financial liability
Balances as of 1 January 2017	(2.809.049)	1.508.877	(1.300.172)
Cash flow effect	(951.429)	73.449	(877.980)
Effect of acquisition of subsidiary	(58.343)	-	-
Foreign currency adjustments	(162.524)	122.855	(39.669)
Interest accrual, net	(49.764)	2.645	(47.119)
Balances as of 31 December 2017	(4.031.109)	1.707.826	(2.323.283)

The details of financial borrowings at 31 December 2017 and 31 December 2016 are as follows:

Short-term borrowings:	31 December 2017	31 December 2016
Short term bank borrowings	1.491.156	1.078.271
Financing bond <sup>(*)</sup>	66.916	-
Factoring borrowings	-	9.440
Finance lease borrowings	151	717
Total	1.558.223	1.088.428

Short-term portion of long-term borrowings:	31 December 2017	31 December 2016
Short-term portion of long-term bank borrowings	1.059.380	305.409
Total	1.059.380	305.409

Long-term borrowings:	31 December 2017	31 December 2016
Long term bank borrowings	747.215	895.251
Finance lease borrowings	-	132
Total	747.215	895.383

<sup>(\*)</sup> The Group's subsidiary, Doruk Faktoring, issued and sold "discounted" bonds to qualified investors, without a public offering, on 20 September 2017. The nominal value of the bonds amounting to TL 90.000.000 (exact) with the maturity of 177 days. The interest rate until maturity is 7,23% and the annual interest rate is 14,90%. The financing bonds that the Group purchased discounted amount including accrued interest TL 17.018.682 (exact) , were eliminated on consolidation.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

Details of the bank borrowings as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017		31 December 2016	
	Interest rate per annum (%)	Original currency	TL	Interest rate per annum (%)
Short-term bank borrowings:				
TL denominated bank borrowings	4,30 - 19,00	1.209.567	1.209.567	3,00 - 14,20
USD denominated bank borrowings	2,48 - 2,97	13.521	50.999	3,50 - 3,50
EUR denominated bank borrowings	0,75 - 3,75	48.956	221.062	0,75 - 3,05
Other bank borrowings	12,51 - 12,51	145.500	9.528	12,63 - 13,41
<b>Sub total</b>			<b>1.491.156</b>	
Short-term financing bills:				
TL denominated financing bills	-	66.916	66.916	-
<b>Sub total</b>			<b>-</b>	
Short-term portion of long-term bank borrowings:				
TL denominated bank borrowings	5,50 - 17,33	445.856	445.856	3,00 - 13,50
USD denominated bank borrowings	3,7 - 5,34	32.304	121.848	4,55 - 4,58
EUR denominated bank borrowings	2 - 5,71	108.886	491.676	0,75 - 4,70
<b>Sub total</b>			<b>1.059.380</b>	
<b>Total short-term bank borrowings:</b>			<b>2.617.452</b>	
Long-term bank borrowings:				
TL denominated bank borrowings	5,5 - 16,5	360.863	360.863	3,00 - 13,25
USD denominated bank borrowings	-	-	-	4,75 - 4,75
EUR denominated bank borrowings	2,15 - 4,67	79.180	357.539	0,75 - 4,70
Other bank borrowings	12,33 - 12,33	440.000	28.813	-
<b>Total long-term bank borrowings</b>			<b>747.215</b>	
				<b>895.251</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

	31 December 2017	31 December 2016
2018	61.851	759.066
2019	459.607	96.831
2020	134.179	15.539
2021 and after	91.578	23.815
	747.215	895.251

The floating rate bank borrowing of the Group denominated in USD have an interest rate of Libor + 3,80% and floating rate bank borrowings denominated in EUR have interest rates fluctuating between Euribor + 2,60% and Euribor + 5,00% (31 December 2016: USD Libor +0,75 and Libor+ 3,70%, Euribor +2,15% and Euribor+3,85%).

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

#### Finance lease liabilities:

The Group acquired property, plant and equipment and intangible assets through finance leases. As of 31 December 2017, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 151 (31 December 2016: TL 849).

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

	31 December 2017	31 December 2016
2018 and after	-	132
Total	-	132

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

	31 December 2017	31 December 2016
Financial borrowings with fixed interest rates (Note 34)	2.798.258	1.718.751
Financial borrowings with floating interest rates (Note 34)	566.560	570.469
Total	3.364.818	2.289.220

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### b) Other financial liabilities

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

Other long term financial liabilities:	31 December 2017	31 December 2016
Financial liabilities due to call and put options (Note 17)	666.291	519.829
	666.291	519.829

### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables from non- related parties	31 December 2017	31 December 2016
Trade receivables	2.197.200	1.542.715
Notes and cheques receivable	278.457	221.861
Income accruals	15.639	6.209
<b>Total</b>	<b>2.491.296</b>	<b>1.770.785</b>
Less: Unearned financial income due to sales with maturity	(9.507)	(11.907)
Less: Provision for doubtful receivables (-)	(257.243)	(273.204)
<b>Total</b>	<b>2.224.546</b>	<b>1.485.674</b>

The average maturity of not overdue trade receivables of the Group that are followed by Doruk Faktoring is between 72 to 104 days as of the statement of financial position date (31 December 2016: 73 - 111 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is 15,38% (31 December 2016: 12,68%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

Long-term trade receivables	31 December 2017	31 December 2016
Notes and cheques receivable <sup>(1)</sup>	30.380	31.292
Unearned financial income due to sales with maturity	(8.597)	(6.034)
	21.783	25.258

<sup>(1)</sup> There is TL 30.120 (31 December 2016: TL 30.721) from fuel sales in receivable notes, a gross amount of TL 260 (31 December 2016: TL 457) from other activities in long term receivable notes, a discounted long term receivable note of TL 21.604 (31 December 2016: TL 24.768), and TL 179 (31 December 2016: TL 394) from other activities. The TL 114 of receivable notes as of 31 December 2016 results from Milpa's (a Group subsidiary) forward sales from the Automall and Veneris projects between 2012 and 2015.

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### NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2017	2016
1 January	(273.204)	(275.324)
Provision booked in the current period (Note 27)	(51.082)	(35.393)
Written off trade receivables <sup>(1)</sup>	42.642	29.419
Currency translation differences	(1.180)	2.161
Collection and provision related to discontinued operations	(990)	(1.256)
Disposal of subsidiary	214	-
Collections and reversal of provisions	26.357	7.189
<b>31 December</b>	<b>(257.243)</b>	<b>(273.204)</b>

<sup>(1)</sup> 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 2017, although trade receivables amounting to TL 281.744(31 December 2016: TL 221.016), were overdue, they were not assessed as doubtful receivable (Note 34). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

As of 31 December 2017, the Group has collateral, pledge, mortgage and surety amounting to TL 533.623 (31 December 2016: TL 370.084) for trade receivables amounting to TL 2.246.329 (31 December 2016: TL 1.510.932) from non-related parties (Note 34).

The guarantees received consist of bank guarantee letter amounting to TL 373.069(31 December 2016: TL 9.553), bails and mortgages amounting to TL 65.126(31 December 2016: TL 76.922), cheques and notes amounting to TL 62.265(31 December 2016: TL 254.488), receivable insurance amounting to TL 32.284 (31 December 2016: TL 28.626) and vehicle pledge amounting to TL 879 (31 December 2016: TL 495). Among these guarantees, bank guarantee letter amounting to TL 37.389, bails and mortgages amounting to TL 20.623, receivable insurance amounting to TL 6.242, were received for overdue but not impaired receivables. There is no notes to this period. (31 December 2016: bank guarantee letter amounting to TL 8.978, bails and mortgages amounting to TL 20.409, cheques and notes amounting to TL 12.915, vehicle pledge amounting to TL 495, receivable insurance amounting to TL 6.104 were received for overdue but not impaired receivables) (Note 34).

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### NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

#### Short-term trade payables to non-related parties

	31 December 2017	31 December 2016
Trade payables	1.196.669	909.755
Provision for liabilities and expenses	68.999	32.298
Other payables	20.778	2.897
Less: unearned finance expense due to purchases with maturity	(8.288)	(5.840)
<b>Total</b>	<b>1.278.158</b>	<b>939.110</b>

The average maturity of trade payables is between 36 to 113 days as of 31 December 2017 (31 December 2016: 34 to 92 days). The maturity of the trade payables of the Group varies and the effective interest rate applied for trade payables is 15,38% (31 December 2016: 12,68%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

### NOTE 10 - OTHER RECEIVABLES AND PAYABLES

#### Other short-term receivables from non-related parties

	31 December 2017	31 December 2016
Notes receivables <sup>(1)</sup>	13.412	7.151
TEİAŞ power transmission line receivables <sup>(2)</sup>	7.259	3.240
Deposits and guarantees given	3.578	2.413
Receivables from the sale of investment property <sup>(3)</sup>	2.523	1.450
Receivables from dealers regarding agreement terminations	-	1.631
Other miscellaneous receivables <sup>(4)</sup>	1.998	1.161
<b>Total</b>	<b>28.770</b>	<b>17.046</b>

#### Other long-term receivables from non-related parties

	31 December 2017	31 December 2016
Notes receivables <sup>(1)</sup>	16.031	23.955
Deposits and guarantees given	3.401	3.000
Receivables from sale of investment property <sup>(3)</sup>	122	1.878
TEİAŞ power transmission line receivables <sup>(2)</sup>	-	249
<b>Total</b>	<b>19.554</b>	<b>29.082</b>

<sup>(1)</sup> Comprises of the receivables from the sale of property, plant and equipment of Neta. Receivables with a maturity of 50 months will be collected until 5 August 2020. TL 15.813 (31 December 2016: TL 23.164) of long-term notes receivables comprise of the receivables from the sale of property, plant and equipment of Neta.

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

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

<sup>(4)</sup> The amount comprises of the receivables arising from non-commercial activities of the subsidiaries.



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### NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables	31 December 2017	31 December 2016
Taxes and funds payable	120.597	88.813
Tax base increase payables	2.913	2.331
Deposits and guarantees received	1.622	1.162
Other short term payables <sup>(1)</sup>	23.823	139.809
<b>Total</b>	<b>148.955</b>	<b>232.115</b>
Other long term payables	31 December 2017	31 December 2016
Deposits and guarantees received	12.778	13.346
Tax base increase payables	932	2.431
Other long term payables <sup>(1)</sup>	-	103.672
<b>Total</b>	<b>13.710</b>	<b>119.449</b>

<sup>(1)</sup> As of 31 December 2016, significant portion of the related amount consists of short- and long-term debt of Aytemiz Akaryakıt - a subsidiary of the Group- to Aytemiz Family with a principal balance of USD 58,260. The principal of the mentioned debt was paid in two installments on 14 July and 16 December 2017.

### NOTE 11 - INVENTORIES

	31 December 2017	31 December 2016
Finished goods and merchandise	444.973	337.026
Raw materials and supplies	122.700	93.889
Semi-finished goods	10.376	14.274
Other inventories	29.861	7.319
	<b>607.910</b>	<b>452.508</b>
Provision for impairment of inventory (-)	(5.948)	(11.158)
<b>Total</b>	<b>601.962</b>	<b>441.350</b>

Depreciation and amortization expenses amounting to TL 138 have been included in cost of inventories as of 31 December 2017 (31 December 2016: TL 145).

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### NOTE 11 - INVENTORIES (Continued)

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

	2017	2016
1 January	(11.158)	(14.540)
Reversal of provision for impairment of inventories	5.856	6.445
Provision booked in the current period (Note 27)	(646)	(3.063)
31 December	(5.948)	(11.158)

### NOTE 12 - BIOLOGICAL ASSETS

As of 31 December 2017, there is no biological assets of Doğan Besi, a subsidiary of the Group (31 December 2016: TL 215).

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### NOTE 13 - INVESTMENT PROPERTIES

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

	1 January 2017	Additions	Disposals	Transfers <sup>(1)</sup>	Currency translation differences	Adjustment for fair value <sup>(2)</sup>	31 December 2017
Land	428.092	28.148	(24.337)	(24.250)	(223)	3.820	411.250
Buildings	141.778	19.706	(23.813)	-	12.826	3.200	153.697
<b>Net book value</b>	<b>569.870</b>	<b>47.854</b>	<b>(48.150)</b>	<b>(24.250)</b>	<b>12.603</b>	<b>7.020</b>	<b>564.947</b>
	1 January 2016	Additions	Disposals	Transfers <sup>(1)</sup>	Currency translation differences	Adjustment for fair value <sup>(2)</sup>	31 December 2016
Land	224.110	24.189	-	96.459	23	83.311	428.092
Buildings	151.965	32.055	(21.125)	(29.835)	7.865	853	141.778
<b>Net book value</b>	<b>376.075</b>	<b>56.244</b>	<b>(21.125)</b>	<b>66.624</b>	<b>7.888</b>	<b>84.164</b>	<b>569.870</b>

<sup>(1)</sup> The warehouse in İstanbul-Küçükçekmece, which the Group followed under "investment properties" in previous periods, was classified under "tangible fixed assets" in the current period, because it started to use it in the operations of group companies. The Group's lands and buildings, which were followed under "tangible fixed assets" in previous periods, were classified under "investment properties" in the current period in 2016 based on their fair value determined in the updated valuation report.

<sup>(2)</sup> Group obtained fair value report of the investment properties considering the effect of currency appreciation on the land and residential unit prices, and other factors and recognized TL 7.020 fair value adjustment. (31 December 2016: 84.164 TL).

The Group has generated a rent income of TL 4.101 from investment properties (2016: TL 3.605). Direct operating costs incurred within the current period regarding investment properties is TL 199 (2016: TL 231). There is no collateral or mortgage on investment properties of the Group

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### NOTE 13 - INVESTMENT PROPERTIES (Continued)

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

#### Level reclassification of financial assets and liabilities measured at fair value

Investment properties of the Group, has been 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. The following table gives information on how to determine the fair values of the related financial asset and liabilities:

		Fair value level as of the reporting date			
Financial Assets / Financial Liabilities	Fair value		1. Level	2. Level	3. Level
	31 December 2017	31 December 2016			
Investment properties	564.947	569.870		564.947	

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### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2017	Additions	Disposals	Transfers	Provision/ reversal for impairment	Disposal of subsidiary	Acquisition of subsidiary	Currency translation differences	Provision for impairment classified in discontinued operations <sup>(1)</sup>	31 December 2017
<b>Cost:</b>										
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	495.489	42.978	(31.392)	2.093	-	(44)	313	1.034	(3.365)	507.106
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
	<b>2.612.218</b>	<b>446.658</b>	<b>(138.936)</b>	<b>(115.382)</b>	<b>1.284</b>	<b>(262)</b>	<b>1.231</b>	<b>29.540</b>	<b>(4.406)</b>	<b>2.831.945</b>
<b>Accumulated depreciation:</b>										
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	293.184	43.384	(18.680)	10	-	(42)	199	864	(3.277)	315.642
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
	<b>1.444.317</b>	<b>159.983</b>	<b>(60.671)</b>	<b>(52.519)</b>	<b>-</b>	<b>(260)</b>	<b>1.030</b>	<b>24.768</b>	<b>(4.141)</b>	<b>1.512.507</b>
<b>Net book value</b>	<b>1.167.901</b>									<b>1.319.438</b>

As of 31 December 2017, total depreciation expenses amounting to TL 613.070 (2016: TL 486.157) corresponding tangible assets amounting to TL 159.983(2016: TL 145.211) and intangible assets amounting to TL 453.087 (2016: TL 340.946) are allocated by TL 436.018(2016: TL 330.153) to cost of sales (Note 24), TL 138.906 (2016: TL 114.303) to marketing expenses and TL 30.616 (2016: TL 30.365) to general administrative expenses (Note 25), TL 7.393(2016: TL 11.191) to discontinued operations and TL 138 (2016: TL 145) of amortization expenses are recognised in inventories.

There is a mortgage of TL 22.578 on property, plant and equipment as of 31 December 2017 (31 December 2016: TL 24.114). Net book value of property, plant and equipment acquired by leasing is TL 2.789 as of 31 December 2017 (31 December 2016: TL 3.396).

<sup>(1)</sup> The Group revised the carrying value of tangible fixed assets, and recognized impairment in discontinued operations (Note 30).



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### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2016	Additions	Disposals	Transfer	Adjustments <sup>(1)</sup>	Currency translation differences	31 December 2016
<b>Cost:</b>							
Land and land improvements	147.923	858	(15)	20.413	12.138	1.504	182.821
Buildings	190.623	1.840	(4.851)	(49.026)	(14.097)	5.680	130.169
Machinery and equipment	1.224.922	9.757	(7.065)	3.396	(16.517)	14.142	1.228.635
Motor vehicles	89.727	130.609	(13.400)	-	(277)	338	206.997
Furniture and fixtures	478.658	35.370	(18.334)	1.770	(4.558)	2.583	495.489
Development costs of leased tangible assets	117.386	15.880	(4.840)	295	(7.664)	583	121.640
Other tangible assets	88.617	39.779	(784)	-	(2.611)	313	125.314
Construction in progress	78.317	62.491	(959)	(18.067)	(706)	77	121.153
	<b>2.416.173</b>	<b>296.584</b>	<b>(50.248)</b>	<b>(41.219)</b>	<b>(34.292)</b>	<b>25.220</b>	<b>2.612.218</b>
<b>Accumulated depreciation:</b>							
Land and land improvements	5.063	495	-	-	(9)	-	5.549
Buildings	107.764	7.347	(904)	(22.330)	(9.737)	2.490	84.630
Machinery and equipment	833.696	58.509	(3.763)	(1.184)	(18.765)	13.621	882.114
Motor vehicles	55.480	12.572	(10.371)	3.617	(4.189)	292	57.401
Furniture and fixtures	262.621	41.899	(9.833)	(229)	(3.571)	2.297	293.184
Development costs of leased tangible assets	74.842	11.921	(3.458)	-	(9.888)	268	73.685
Other tangible assets	35.618	12.468	(492)	-	-	160	47.754
	<b>1.375.084</b>	<b>145.211</b>	<b>(28.821)</b>	<b>(20.126)</b>	<b>(46.159)</b>	<b>19.128</b>	<b>1.444.317</b>
<b>Net book value</b>	<b>1.041.089</b>						<b>1.167.901</b>

<sup>(1)</sup> The Group management revised the carrying values of tangible fixed assets within the period. The cost and accumulated depreciation classification between fixed asset items as well as the adjustment of net book value of TL 11,867 were reflected in the Group's financial statements in consequence of this evaluation.

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### NOTE 15 - INTANGIBLE ASSETS

#### Other intangible assets:

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

Cost	1 January 2017	Additions	Disposals	Currency translation differences	Acquisition of subsidiary	Disposal of subsidiary	Discontinued operations <sup>(a)</sup>	Transfer	31 December 2017
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	584.597	59.880	(4.063)	(5.710)	4.084	(1.443)	(13.098)	933	625.180
	<b>1.459.214</b>	<b>60.108</b>	<b>(8.247)</b>	<b>63.998</b>	<b>4.084</b>	<b>(1.443)</b>	<b>(286.557)</b>	<b>933</b>	<b>1.292.090</b>
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	433.929	57.377	(7.797)	(5.198)	2.377	(978)	(7.465)	105	472.350
	<b>727.287</b>	<b>69.239</b>	<b>(11.977)</b>	<b>26.900</b>	<b>2.377</b>	<b>(978)</b>	<b>(7.465)</b>	<b>105</b>	<b>805.488</b>
Dealer agreements	225.467								235.117
Television programme rights	159.478								225.877
	<b>1.116.872</b>								<b>947.596</b>

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

	1 January 2017	Additions	Depreciation <sup>(1)</sup>	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

<sup>(1)</sup> TL 123.036 (2016: TL 99.656) of TL 306.927 (2016: TL 221.999) of total programme rights amortisation is recognised under the television program rights amortisation and the remaining TL 183.891 (2016: TL 122.343) is recognised under television programme production costs (Note 24).

<sup>(2)</sup> The Group revised the carrying value of tangible fixed assets, and recognized impairment in discontinued operations (Note 30).

Part of domestic series costs, presented as "programme inventory" in the previous periods and recorded as programme expense on the date of its broadcasting, were started to be presented as "programme rights" as of 1 January 2016 (Note 2).

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#### NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

	1 January 2016	Additions	Disposals	Currency translation differences	Adjustments	Acquisition of subsidiary	Disposal of subsidiary	Impairment	Transfer	31 December 2016
<b>Cost</b>										
Customer list	221.027	-	-	68.265	-	-	-	-	-	289.292
Trade names	7.876	-	-	-	-	-	-	-	-	7.876
Trade names related to Media segment	146.760	-	(5)	76.050	-	-	-	-	-	222.805
Electricity production license	354.644	-	-	-	-	-	-	-	-	354.644
Other	511.106	58.258	(3.632)	18.117	73	-	-	-	675	584.597
	<b>1.241.413</b>	<b>58.258</b>	<b>(3.637)</b>	<b>162.432</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>675</b>	<b>1.459.214</b>
<b>Accumulated amortization:</b>										
Customer list	120.383	7.813	-	44.099	-	-	-	61.279	-	233.574
Trade names	1.181	1.575	-	-	-	-	-	-	-	2.756
Trade names related to Media segment	19.535	732	-	4.124	-	-	-	10.543	-	34.934
Electricity production license	14.447	7.647	-	-	-	-	-	-	-	22.094
Other	376.349	41.388	(2.373)	13.035	204	-	-	5.326	-	433.929
	<b>531.895</b>	<b>59.155</b>	<b>(2.373)</b>	<b>61.258</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>77.148</b>	<b>-</b>	<b>727.287</b>
Dealer agreements	135.251	-	-	-	-	-	-	-	-	225.467
Television programme rights	109.203	-	-	-	-	-	-	-	-	159.478
	<b>953.972</b>									<b>1.116.872</b>

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

	1 January 2016	Additions	Depreciation	Currency translation differences	Impairment	Disposal of subsidiary	31 December 2016
Dealer agreements	135.251	150.008	(59.792)	-	-	-	225.467
Television programme rights	109.203	282.155	(221.999)	2.898	(12.779)	-	159.478

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (continued):

#### Intangible assets with indefinite useful lives

As of 31 December 2017, the Group has determined that trademarks with carrying value of TL 5.078 have indefinite useful lives (31 December 2016: TL 215.940). The utilization period of trademarks with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

#### Goodwill

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

### NOTE 16 - GOVERNMENT GRANTS

Ditaş, a subsidiary of the Group, benefits from the insurance premium incentive, regional incentive- (Law no: 56486), incentive of the social security institution and minimum wage (Law no: 56645) under the scope of Social Security and General Health Insurance Law (Law no: 5510). In this context, the incentive of the insurance premium amounting to TL 792 (31 December 2016: TL 385) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 December 2017. The Group's subsidiary Hürriyet utilised incentives amounting to TL 3.970 within the scope of SSI and income tax, a 5% Employer's Share Incentive as per Law No. 5510, an Employer's Share Incentive as per Law No. 5746, a Minimum Wage Support Incentive as per Law No. 6661, a Disabled Insured Incentive as per Law No. 4857, a Prioritised Towns SSI Employer's Share Incentive as per Law No. 46486 and an R&D Income Tax Incentive as per Law No. 5746 (31 December 2016: None). As of -31 December 2017, aforementioned incentives amounting to TL 3.970 and TL 792 has expiry date of 31 December 2018 and 31 December 2020, respectively.

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	31 December 2017	31 December 2016
Provision for lawsuits and indemnity	29.001	36.459
Other	7.723	4.039
	<b>36.724</b>	<b>40.498</b>

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

	2017	2016
1 January	<b>36.459</b>	<b>37.315</b>
Additions in the current period (Note 27)	10.116	20.762
Currency translation differences	(34)	416
Payments of provisions	(8.013)	(16.695)
Additions during the period due to discontinued operations	549	-
Reversal of provisions booked in prior periods	(10.076)	(5.339)
<b>31 December</b>	<b>29.001</b>	<b>36.459</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### (a) Lawsuits

The amount of lawsuits filed against the Group is TL 82.044 as of 31 December 2017 (31 December 2016: TL 85.208).

	31 December 2017	31 December 2016
Legal cases	55.054	63.821
Commercial cases	16.336	10.108
Business cases	10.066	11.076
Other	588	203
<b>Total</b>	<b>82.044</b>	<b>85.208</b>

Provision for lawsuits filed against the Group whose details are given above amounting to TL 29.001 has been provided with reference to the opinions of the Group's legal advisors and past experience of management related to similar litigations against the Group (31 December 2016: TL 36.459). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against publishing and broadcasting companies and lawsuits initiated by the Radio and Television Supreme Council.

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

##### Amendment of the Share Purchase and the Shareholder Agreements

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

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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

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

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

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

##### Option Exercise Table:

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

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

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

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

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

a. In case of an initial public offering of the "Axel Shares" between the dates 1 January 2015 and 31 January 2022, the following shall be applicable for the value of the "Axel Shares" based on the three months average share price following the initial public offering ("Value of the Share Sold").

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

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

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

- i. If lower than the "Initial Sales Price", the negative difference between the "Value of the Share Sold" and the "Initial Sales Price" shall be paid through Doğan Holding to the Axel Springer Group, without calculating any interest on the "Initial Sales Price", and taking into account merely the "Initial Sales Price".
- ii. If higher than the "Initial Sales Price", the amount to be found by deducting the interest calculated based on the "Initial Sales Price" from the positive difference between the "Value of the Share Sold" and the "Initial Sales Price" (interest shall be calculated taking as the basis annual compound 12-month Euro Libor as of 2 January 2007) shall equally be shared between the Axel Springer Group and Doğan Holding.
- iii. In case an initial public offering does not take place for the "Axel Shares" until 31 January 2022, and in case the "Fair Value" of DTV to be determined with specified valuation techniques on 31 December 2021 (shall be taken into account based on the extent of the shares the Axel Springer Group has in the DTV capital as of 31 December 2021) is lower than the "Initial Sales Price", the negative difference between the "Fair Value" of DTV as of 31 December 2021 and the "Initial Sales Price" shall be paid by Doğan Holding to the Axel Springer Group.

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

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

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

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

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

##### Option Exercise Table:

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

As stated in the Option Usage Table above, the DTV Put Option / 2016 was used by Commerz-Film GmbH on January 29, 2016 and the related letter of guarantee has been returned.

The liability for unconditional "commitment to buy" of Doğan Holding mentioned above was recorded under "other long-term financial liability" in the consolidated financial statements as of 31 December 2017 amounting to TL 666.291 (31 December 2016: TL 519.829) calculated over discounted cash outflows that will take place in the future. "Non-controlling interests" as the amount representing the shares belonging to Axel Springer were removed from the consolidated financial statements. Since the transaction did not result in any change of control over DTV on the date of transfer of shares, the difference between recorded financial liabilities and removed non-controlling interests was directly recognised under equity.

#### (c) Other

##### **Milpa:**

##### *The Land of Ömerli*

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa"), a subsidiary of the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at İstanbul Province, Pendik District, Kurtdoğan Village with an area of m<sup>2</sup> 2.238.207 which consist of two separate parcels with no:1154 and 1155, have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 4 January 2018 prepared by the Real Estate Appraisal Company on the list of CMB.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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

#### (c) Other (Continued)

##### Milpa (Continued):

##### The Land of Ömerli (Continued)

Because of the qualifications of farm land due to the legal uncertainties stated below, Ömerli land hasn't been recognised under normal business operations of Milpa (project development, construction and sale etc.), and has been recognised as "investment properties" in accordance with TAS 40 ("Investment Properties"), in the context of Paragraph 8/(b).

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

According to the İstanbul Environmental Recreation Plan, scale of 1/100.000 and dated 15 June 2009, a significant part of the land of which parcel no is 1154, is located partially within the borders of "Habitat Park Area". The report on the Basin Location Information of the İstanbul Water Supply and Sanitation Administrative General Directory dated as 6 December 2017 states that 2.586 m<sup>2</sup> of parcel no 1154 and 142.012 m<sup>2</sup> 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 m<sup>2</sup> 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 m<sup>2</sup> 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. The hearing date of the case is on 27 February 2018.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

#### (c) Other (Continued)

##### Milpa (Continued):

##### The Land of Ömerli (Continued)

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

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

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

#### (c) Other (Continued)

##### Milpa (Continued):

##### The Land of Ömerli (Continued)

143.068 m<sup>2</sup> part that corresponds to 164/2400 share of parcel no: 1154 of Ömerli Land has been purchased from the landowners for a cash consideration of a total of USD 7.154 (TL 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 m<sup>2</sup> and 82.17%. As a result of purchase made by Milpa in current year which is 143.068 m<sup>2</sup> a decrease in value is accounted amounting to TL11.765.

As per the information above, we have assessed Parcel No. 1154's fair value determined as TL 219.864 (without VAT) based on the Valuation Report dated 4 January 2018 of a real estate company, considering the reasons laid out in the landscape plan announced on 17 July 2009 with a scale of 1/100,000, such as the land being allocated as "habitat" and "recreational" areas, the parcel's topography being very steep and bumpy, the parcel being outside the central settlement areas but there being no other parcel of the same size in the region where the land is located, the land being located close to the TEM highway, the implementation of the urban development plan with a scale of 1/5000 for the region where the land is located having started although the announcement and objection stages of the master building plan are incomplete, should the said plan be completed the function and construction rights of Ömerli Land will gain certainty only with plans having a scale of 1/1000, and the Northern Marmara motorway route having become clear and the Yavuz Sultan Selim Bridge (3rd bridge) which is connected to the motorway having started to provide service. On the other hand, this amount is the evaluation for the whole of the land Parcel No 1154. The share of Milpa in the Parcel No 1154 is 1.720.521 m<sup>2</sup> and 82,17 % and the amount is TL 180.655 as of 31 December 2017. (As of 31 December 2016, the share of the Company is 1.577.435 m<sup>2</sup> and 75,33% and the share amount of Milpa is TL 165.631). 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 TL 388 has been recognised under operational expenses (31 December 2016: TL 50) (Note 27). Additionally, no rental income has been recognised from the related property (31 December 2016: None).

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### NOTE 18 - COMMITMENTS

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

	31 December 2017			31 December 2016		
	TL Equivalent	TL	USD	EUR	Other	TL Equivalent
A. CPM's given in the name of its own legal personality						
Collaterals <sup>(1)</sup>	1.601.434	596.210	53.550	177.885	-	1.552.942
Pledge <sup>(4)</sup>	-	-	-	-	-	-
Mortgage <sup>(2) (5)</sup>	22.578	-	-	5.000	-	24.114
B. CPM's given on behalf of the fully consolidated companies						
Collaterals <sup>(1) (3)</sup>	228.000	40.851	34.781	-	860.000	35.022
Pledge <sup>(4)</sup>	-	-	-	-	-	-
Mortgage <sup>(5)</sup>	415.940	3.256	109.410	-	-	357.056
C. CPM's given on behalf of 3rd parties for ordinary course of business	25.107	25.107	-	-	-	-
D. Total amount of other CPM's given						
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-
<b>Total</b>	<b>2.293.059</b>					<b>1.969.134</b>

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

<sup>(2)</sup> The mortgage amounting to TL 22.578 over the tangible fixed assets of Group's subsidiary Hürriyet as of 31 December 2017 (31 December 2016: 24.114 TL).

<sup>(3)</sup> Doğan Holding has bail amounting to USD 29.630 given to credit institutions within the scope of financing Aslançık Elektrik's hydroelectric power plant construction (31 December 2016: USD 35.556).

<sup>(4)</sup> 33,33% shares of Aslançık Elektrik, 33% shares of Boyabat and 100% shares of D-Tes were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.

<sup>(5)</sup> Bails of the Group has been presented in mortgages in the above table.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 18 - COMMITMENTS (Continued)

#### (a) Letters of guarantees and guarantee notes given (continued)

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

	31 December 2017		31 December 2016	
	Original currency	TL equivalent	Original currency	TL equivalent
Letters of guarantees - Euro	176.273	795.962	173.536	643.801
Letters of guarantees - TL	661.157	661.157	619.113	619.113
Letters of guarantees - USD	87.482	329.974	82.413	290.028
Letters of guarantees - Other	860.000	55.960	85.000	4.872
Guarantee notes - USD	849	3.204	8.176	28.773
Guarantee notes - TL	1.006	1.006	1.377	1.377
Guarantee notes - Euro	1.612	7.278	-	-
<b>Total</b>		<b>1.854.541</b>		<b>1.587.964</b>

#### (b) Guarantees and mortgages given

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

	31 December 2017		31 December 2016	
	Original currency	TL equivalent	Original currency	TL equivalent
Bails - USD	109.410	412.684	99.949	351.741
Bails - Euro	-	-	1.002	3.717
Bails - TL	3.256	3.256	1.598	1.598
Mortgages - Euro	5.000	22.578	6.500	24.114
<b>Total</b>		<b>438.518</b>		<b>381.170</b>

#### (c) Barter agreements

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

The Group has made barter agreements which is a common practice in the media sector. These agreements involve the exchange of goods and services without any cash consideration paid or collected. As of 31 December 2017, the Group has unused advertising commitments amounting to TL 7.938 (31 December 2016: TL 8.348) within the scope of these agreements.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 19 - OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2017	31 December 2016	31 December 2015
Value added tax ("VAT") receivables	77.200	33.563	35.690
Programme stocks	27.810	20.354	9.863
Prepaid tax and funds	12.621	6.675	22.488
Personnel advances	5.998	7.674	7.398
Job advances	1.381	2.325	2.740
Other	3.067	1.766	2.934
	<b>128.077</b>	<b>72.357</b>	<b>81.113</b>
Provision for impairment on programme stocks (-)	(6.496)	(6.496)	(1.081)
Provision for other doubtful receivables (-)	(421)	(421)	(645)
	<b>121.160</b>	<b>65.440</b>	<b>79.387</b>
	31 December 2017	31 December 2016	31 December 2015
Other non current assets			
Value added tax ("VAT") receivables	531.725	533.946	538.151
Blocked deposit	-	-	304
Other	1.550	-	161
	<b>533.275</b>	<b>533.946</b>	<b>538.616</b>

### NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

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

Short term prepaid expenses	31 December 2017	31 December 2016
Advances given <sup>(1)</sup>	86.643	33.390
Prepaid expenses <sup>(2)</sup>	30.537	48.193
	<b>117.180</b>	<b>81.583</b>

<sup>(1)</sup> The majority of the advances given consist of advances given for energy segment operations.

<sup>(2)</sup> Significant amount of prepaid expenses consists of prepaid rent expenses and insurance expenses.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	31 December 2017	31 December 2016
Advances given and prepayments <sup>(3) (4) (5) (6)</sup>	36.176	37.471
Prepaid expenses for future years	3.164	14.152
	<b>39.340</b>	<b>51.623</b>

<sup>(3)</sup> Long-term advances given amounting to TL 8.747 (31 December 2016: TL 18.761) consist of prepayments made by Doğan TV Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games are refunded to Doğan TV Holding in the case of cancellation of games.

<sup>(4)</sup> Advances given and prepayments amounting to TL 7.732 (31 December 2016: TL 10.516) comprise of advances given to dealers, by Aytemiz, one of the subsidiaries of Group.

<sup>(5)</sup> Advances given and prepayments amounting to TL 8.718 (31 December 2016: None) comprise of advances given to purchasing board of solar energy system, by Galata Wind, one of the subsidiaries of Group.

<sup>(6)</sup> Advances given and prepayments amounting to TL 10.979 consists of between the Doğan Holding and Group's other subsidiaries (31 December 2016: 4.323 TL).

Short-term deferred income	31 December 2017	31 December 2016
Deferred income <sup>(1)</sup>	75.394	40.309
Advances received <sup>(2)</sup>	16.932	15.934
	<b>92.326</b>	<b>56.243</b>

<sup>(1)</sup> The majority of the deferred income consist of prepaid subscription income in publishing and broadcasting segments and yacht berthing income in the other segment

<sup>(2)</sup> Significant amount of advances received consist of advances received related to energy segment operations.

Long-term deferred income	31 December 2017	31 December 2016
Deferred income <sup>(1)</sup>	5.626	7.457
	<b>5.626</b>	<b>7.457</b>

<sup>(1)</sup> The majority of the deferred income consist of prepaid subscription income in publishing and energy segments.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 21 - DERIVATIVE INSTRUMENTS

#### Currency derivative transactions

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

	31 December 2017		31 December 2016	
	Asset	Liability	Asset	Liability
Currency derivative transactions with maturity	83	1.098	551	-
Total	83	1.098	551	-

### NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS

#### (a) Payables regarding benefits provided to employees

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

	31 December 2017	31 December 2016
Social security payables	21.954	18.770
Payables to personnel	14.353	18.026
	36.307	36.796

#### (b) Short term provision regarding employment benefits

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

	31 December 2017	31 December 2016
Provision for unused vacation	56.479	51.263
Personnel premium provision	266	-
	56.745	51.263



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### NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

#### c ) Long term provision regarding employment benefits

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

	31 December 2017	31 December 2016
Provision for employment termination benefits	122.556	119.120
	122.556	119.120

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 2017, the maximum amount payable equivalent to one month of salary is TL 4.732,48 (exact) (31 December 2016: TL 4.297,21 (exact)) for each year of service. The retirement pay provision ceiling TL 5.001,76 which is effective from 1 January 2017, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2016: TL 4.426,16 effective from 1 January 2017).

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

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

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

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### NOTE 22 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

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

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

Discount rate applied as %11,50 <sup>(1)</sup> (31 December 2016: %11,20), inflation rate applied as %7,00 (31 December 2016: %6,50) and increase in wages applied as %7,00 (31 December 2016: %6,50) in the calculation.

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

<sup>(1)</sup> Discount rate used for calculating the severance payment liability is determined as the 10 years of Government Bond compound interest of % 11,50.

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

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

	2017	2016
1 January	119.120	109.481
Current period service cost and net interest expense from continued operations	21.893	18.304
Payments during the period due to continued operations	(31.569)	(22.704)
Disposal of subsidiary	(259)	-
Loss regarding payment/reducing benefits/dismissal	7.873	5.566
Actuarial loss / (gain)	5.498	8.473
31 December	122.556	119.120

Total costs other than actuarial loss related to severance pay are included in the consolidated statement of profit or loss table as of 31 December 2017. Actuarial gains / losses for the period ended as of 31 December 2017 is TL 5.498 (31 December 2016: TL 8.473).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 23 - EQUITY

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

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

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

There are no privileged shares of Doğan Holding.

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

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

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 23 - EQUITY (Continued)

#### Repurchased shares

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

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

#### 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 2017	31 December 2016
Share premiums	163.724	163.724
Share discounts (-)	(128.565)	(128.565)
<b>Total</b>	<b>35.159</b>	<b>35.159</b>

#### Restricted reserves

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

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

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 23 - EQUITY (Continued)

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

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

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

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. Accordingly, fair value increase at the initial transfer amounting to TL 34.820 (31 December 2016: TL 48.007) is recognised as revaluation reserve under shareholders equity.

##### *ii. Actuarial gains (losses) in defined benefit plans*

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. Group recognised all actuarial gains and losses in other comprehensive income. Actuarial loss recognised under equity in the financial position table amounts to TL 42.239 (31 December 2016: 37.810 TL).

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

##### *i. Revaluation and reclassification gains(losses)*

Financial assets revaluation reserves are calculated by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation gains of assets held for sale presented under equity in the statement of financial position is TL 32.196 in the current period (31 December 2016: TL 15.602 gain).

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

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss. The Group recognized cash flow hedge reserve amounting to TL 665 (31 December 2016: None) under equity in the consolidated financial statements as of 31 December 2017.

##### *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 TL and classified under equity. The change in the currency translation difference reserve attributable to parent is TL 73.311 and TL 6.864 is attributable to non-controlling interest (31 December 2016: TL 134.604 is attributable to parent and TL 24.076 TL is attributable to non-controlling interest).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 23 - EQUITY (Continued)

#### Capital Reserves and Retained Earnings

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

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

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

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

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

#### Dividend Distribution

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

On the other hand,

- Retained earnings derived from the reparation of comparative financial statements based on the first time adoption of TAS,
- "Equity inflation adjustment differences" derived from resources that do not have any restriction regarding profit distribution,
- 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.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 23 - EQUITY (Continued)

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

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

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

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

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

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution. As of the statement of financial position date, the Company's gross amount of resources that may be subject to the profit distribution based on the statutory records, excluding share premiums / discounts, amounts to TL 3.776.355 (31 December 2016: TL 3.747.355).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 24 - REVENUE AND COST OF SALES

	1 January - 31 December 2017	1 January - 31 December 2016
Domestic sales	10.742.000	8.125.761
Foreign sales	348.035	251.290
Sales return and discounts (-)	(611.681)	(622.479)
<b>Net sales</b>	<b>10.478.354</b>	<b>7.754.572</b>
Cost of sales (-)	(9.045.189)	(6.476.404)
<b>Gross profit</b>	<b>1.433.165</b>	<b>1.278.168</b>

*Sales details of publishing industrial segment are presented below:*

	1 January - 31 December 2017	1 January - 31 December 2016
Advertisement income	453.760	470.563
Circulation and printing income	262.931	248.685
Other	434.659	380.929
<b>Total</b>	<b>1.151.350</b>	<b>1.100.177</b>

*Sales details of broadcasting industrial segment are presented below:*

	1 January - 31 December 2017	1 January - 31 December 2016
Advertisement income	588.421	574.065
Subscription income	399.485	393.460
Other	134.261	123.488
<b>Total</b>	<b>1.122.167</b>	<b>1.091.013</b>

*Sales details of retail industrial segment are presented below:*

	1 January - 31 December 2017	1 January - 31 December 2016
Retail income	802.214	676.007
<b>Total</b>	<b>802.214</b>	<b>676.007</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 24 - REVENUE AND COST OF SALES (Continued)

*Sales details of energy industrial segment are presented below:*

	1 January - 31 December 2017	1 January - 31 December 2016
Fuel oil & LPG sales income	5.435.818	3.473.900
Energy income	1.064.797	860.152
<b>Total</b>	<b>6.500.615</b>	<b>4.334.052</b>

*Sales details of other industrial segment are presented below:*

	1 January - 31 December 2017	1 January - 31 December 2016
Industrial income	312.344	222.485
Vehicle sales income	307.887	177.280
Tourism income	66.329	62.167
Other <sup>(1)</sup>	215.448	91.391
<b>Total</b>	<b>902.008</b>	<b>553.323</b>

<sup>(1)</sup> Other sales income mainly consists of the total income obtained from factoring, real estate, GSM operations.

*Cost of Sales details per divisions are presented below:*

	1 January - 31 December 2017	1 January - 31 December 2016
Publishing	(843.641)	(774.255)
Broadcasting	(941.147)	(824.659)
Retail	(466.050)	(390.219)
Energy	(6.125.047)	(4.046.745)
Other	(669.304)	(440.526)
<b>Total</b>	<b>(9.045.189)</b>	<b>(6.476.404)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 24 - REVENUE AND COST OF SALES (Continued)

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

	1 January - 31 December 2017	1 January - 31 December 2016
Cost of trade goods sold	(366.132)	(351.788)
Personnel and news production expenses	(163.985)	(148.391)
Paper costs	(122.032)	(128.508)
Internet advertising service cost	(73.825)	(43.111)
Printing, production and other raw material costs	(49.397)	(49.048)
Amortization and depreciation expenses (Note 14,15)	(21.598)	(26.735)
Commissions	(4.066)	(7.667)
Other	(42.606)	(19.007)
<b>Total</b>	<b>(843.641)</b>	<b>(774.255)</b>

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

	1 January - 31 December 2017	1 January - 31 December 2016
Television programme production costs	(389.535)	(320.457)
Amortization expenses of television programme rights (Note 15)	(123.036)	(99.656)
ADSL port costs	(108.140)	(110.381)
Personnel expenses	(114.910)	(92.417)
Amortization and depreciation expenses (Note 14,15)	(41.839)	(38.975)
Satellite usage expenses	(33.874)	(35.902)
Call center expenses	(35.290)	(33.761)
Cost of trading goods sold	(22.384)	(23.814)
RTSC share in advertisement	(8.252)	(13.919)
Other	(63.887)	(55.377)
<b>Total</b>	<b>(941.147)</b>	<b>(824.659)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 24 - REVENUE AND COST OF SALES (Continued)

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

	1 January - 31 December 2017	1 January - 31 December 2016
Cost of trade goods sold	(466.050)	(390.219)
<b>Total</b>	<b>(466.050)</b>	<b>(390.219)</b>

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

	1 January - 31 December 2017	1 January - 31 December 2016
Fuel oil and LPG sales expenses	(5.072.152)	(3.237.182)
Electricity expenses	(1.005.205)	(751.258)
Amortization expenses (Note 14,15)	(24.579)	(22.187)
Personnel expenses	(1.959)	(2.411)
Other	(21.152)	(33.707)
<b>Total</b>	<b>(6.125.047)</b>	<b>(4.046.745)</b>

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

	1 January - 31 December 2017	1 January - 31 December 2016
Cost of trading goods sold	(348.708)	(200.557)
Raw material cost	(176.448)	(122.810)
Labour and personnel expenses	(60.229)	(48.104)
Amortization and depreciation expenses (Note 14,15)	(31.069)	(20.257)
General production expenses	(27.148)	(28.229)
Telecommunication service expenses	(25.702)	(20.569)
<b>Total</b>	<b>(669.304)</b>	<b>(440.526)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 25 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
General administrative expenses	(391.838)	(361.518)
Marketing expenses	(795.743)	(719.433)
<b>Operating expenses</b>	<b>(1.187.581)</b>	<b>(1.080.951)</b>

#### Marketing expenses:

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel expenses	(216.197)	(196.271)
Rent expenses	(126.274)	(92.689)
Transportation, storage and travel expenses	(94.738)	(107.993)
Advertisement expenses	(99.710)	(74.735)
Amortization and depreciation expenses (Note 14,15)	(61.985)	(54.511)
Amortization expenses of dealer agreements (Note 15)	(76.921)	(59.792)
Consulting expenses	(27.886)	(24.494)
Outsourced service expenses	(25.293)	(24.234)
Electricity distribution expenses	(13.750)	(29.206)
Promotion expenses	(2.775)	(19.003)
Dealer commission expenses	(3.190)	(1.896)
Communication expenses	(1.147)	(1.592)
Other	(45.877)	(33.017)
<b>Total</b>	<b>(795.743)</b>	<b>(719.433)</b>

#### General administrative expenses:

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel expenses	(222.086)	(199.608)
Consulting expenses	(32.180)	(31.284)
Outsourced service expenses	(25.376)	(14.560)
Amortization and depreciation expenses (Note 14,15)	(30.616)	(30.365)
Rent expenses	(24.963)	(26.896)
Transportation, storage and travel expenses	(10.363)	(10.982)
Miscellaneous taxes	(8.287)	(8.175)
Other	(37.967)	(39.648)
<b>Total</b>	<b>(391.838)</b>	<b>(361.518)</b>



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 26 - EXPENSES BY NATURE

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

### NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities:	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange gains	222.541	293.660
Finance income due from sales with maturity	83.049	58.864
Interest income on bank deposit	63.709	54.925
Provisions no longer required	46.573	20.186
Usage of VAT discount	6.521	5.332
Gain on sale of property, plant and equipment	5.226	6.664
Increment on fair value of investment properties (Note 13)	-	57.371
Other operating income	27.869	30.841
<b>Total</b>	<b>455.488</b>	<b>527.843</b>

### Other expenses from operating activities

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange losses	(117.618)	(109.813)
Provision for doubtful receivables (Note 9)	(51.082)	(35.393)
Finance expense due to purchases with maturity	(16.495)	(26.085)
Impairment on fair value of investment properties (Note 13)	(11.765)	-
Provision for lawsuits (Note 17)	(10.116)	(20.762)
Other penalties and compensations paid	(3.346)	(20.379)
Provision for impairment on inventory (Note 11)	(646)	(3.063)
Tax base increase payables	-	(12.943)
Impairment of programme rights	-	(12.779)
Other operating expenses	(62.612)	(57.166)
	<b>(273.680)</b>	<b>(298.383)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

#### Income from investing activities

	1 January - 31 December 2017	1 January - 31 December 2016
Increment on fair value of investment properties (Note 13)	30.874	27.304
Profit from acquisition of subsidiary	18.994	-
Gain on sale of property, plant and equipment and intangible assets	16.142	9.087
Rent and building service income	11.584	3.609
Interest income of marketable securities	8.088	9.177
Foreign exchange gains	4.551	23.305
Interest income on bank deposits	928	2.144
Income from disposal of subsidiary	800	-
Interest income related to share purchase commitment	-	84.423
Other	474	-
	92.435	159.049

#### Expenses from investing activities

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange loss related to share purchase commitment	(112.880)	(90.582)
Interest expense related to share purchase commitment	(33.582)	-
Fair value adjustments of investment properties (Note 13)	(12.089)	(511)
Loss on sale of property, plant and equipment	(11.996)	(4.498)
Impairment of property, plant and equipment	(5.775)	-
Loss on sale of marketable securities	(696)	(2.610)
Other	-	(1.785)
	(177.018)	(99.986)

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 29 - FINANCE INCOME AND EXPENSES

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

#### Financial income

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange gain	250	-
Derivative financial instruments income	134	551
Other financial income	181	992
	<b>565</b>	<b>1.543</b>

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

#### Financial expenses

	1 January - 31 December 2017	1 January - 31 December 2016
Interest expense on bank borrowings	(229.356)	(153.719)
Foreign exchange loss	(223.953)	(209.141)
Bank commission expenses	(40.453)	(14.351)
Other	(4.059)	(4.420)
	<b>(497.821)</b>	<b>(381.631)</b>

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

In the period ended 31 December 2017, Group sold its shares in the subsidiaries, Bravo TV and Trend TV, which operate in TV publishing segment. As a result of this transaction, cash consideration of TL 1.488 occurred and profit amounting to TL 800 is accounted under investing income in the consolidated statement of profit or loss as of 31 December 2017 (31 December 2016: None) (Note 28).

As of 25 July 2017, the Group has decided to transfer and sell Milta Turizm İşletmeleri A.Ş. which is a fully owned subsidiary, depending on the obtaining of all necessary legal authorizations and the fulfillment of other routine "Closing Prerequisites" and also with the condition of the correction of the "net debt" on the date of "Closing" in return of cash consideration and in advance USD 105.000.000 (one hundred and five million) to Tek Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri Anonim Şirketi. As of 31 December 2017, it has not been classified as assets held for sale in the consolidated financial statements, considering the monetary value of the Group's obligation to derecognize the assets and liabilities.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

	1 January- 31 December 2017	1 January- 31 December 2016
Revenue	15.997	19.675
Cost of sales (-)	(10.763)	(12.259)
General administrative and marketing expenses	(28.192)	(26.992)
Other income (expense) from operating activities, net <sup>(1)</sup>	(974)	(1.230)
Financial expenses, net	(3.375)	1.227
Expenses from investment activities, net <sup>(2)</sup>	(279.183)	(77.195)
<b>Discontinued operations loss before taxation</b>	<b>(306.490)</b>	<b>(96.774)</b>
Tax (income) expense for the period	-	(25)
Deferred tax income	54.130	12.147
<b>Discontinued operations loss for the period</b>	<b>(252.360)</b>	<b>(84.652)</b>

<sup>(1)</sup> As of 31 December 2017, there is a doubtful receivable expenses to TL 990 (31 December 2016: TL 1.256).

<sup>(2)</sup> Impairment provisions of TL 279.361 (31 December 2016: 77.148 TL) were allocated for the mentioned discontinued operations in the consolidated financial statements for the period that ended on 31 December 2017.

### 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 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Provision for current income tax	38.821	48.968
Prepaid corporate taxes	(24.711)	(35.542)
<b>Taxes payable for the period</b>	<b>14.110</b>	<b>13.426</b>
	31 December 2017	31 December 2016
Corporate and income taxes payable	14.110	13.426
Deferred tax liabilities, net	51.472	95.207
<b>Total taxes</b>	<b>65.582</b>	<b>108.633</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 31 - INCOME TAXES (Continued)

#### Turkey

The Corporate Tax Law has been amended as of 13 June 2006 by Law No: 5520. The majority of the clauses of Law No: 5520 are effective as of 1 January 2006. Corporate tax rate for the fiscal year 2017 is 20% (2016: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (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 20% over their corporate income and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end. Advance taxes paid in the period are offset against the following period's corporate tax liability. If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

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

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

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

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

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

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

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

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## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 31 - INCOME TAXES (Continued)

#### *Turkey (continued)*

##### *Exemption for participation in subsidiaries*

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

##### *Issued premiums exemption*

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

##### *Exemption for participation into foreign subsidiaries*

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

##### *Exemption for sale of participation shares and property*

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

#### *Russian Federation*

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

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

According to the Russian Federation's tax legislation, financial losses can be carried forward indefinitely to be deducted from future taxable income.

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.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 31 - INCOME TAXES (Continued)

#### Russian Federation (continued)

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 amendments.

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

The tax rates at 31 December 2017 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

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

#### Belarus

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

#### Deferred tax

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

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

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### NOTE 31 - INCOME TAXES (Continued)

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

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deductible tax losses	162.895	99.266	32.579	19.853
Provision for employment termination and unused vacation benefits	179.035	170.383	31.074	34.076
Provision for doubtful receivables	167.900	128.949	36.938	25.790
Deferred financial income of trade receivables	5.418	17.093	1.192	3.419
Other	105.295	73.444	22.351	14.355
<b>Deferred tax assets</b>	<b>620.543</b>	<b>489.134</b>	<b>124.134</b>	<b>97.493</b>
Net differences between the tax base and carrying value of property, plant and equipment, inventories and intangible assets	(930.285)	(785.907)	(120.815)	(166.757)
Net differences between fair and tax values of investment properties	(209.504)	(253.110)	(30.625)	(13.259)
Other	(101.513)	(62.901)	(24.166)	(12.684)
<b>Deferred tax liabilities</b>	<b>(1.241.302)</b>	<b>(1.101.918)</b>	<b>(175.606)</b>	<b>(192.700)</b>
<b>Deferred tax liabilities, net</b>	<b>(620.759)</b>	<b>(612.784)</b>	<b>(51.472)</b>	<b>(95.207)</b>

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.

The Group recognized deferred tax assets over TL 162.895 of carry forward tax losses in the consolidated financial statements prepared in accordance with the POA's Financial Reporting Standards as of 31 December 2017 (31 December 2016: TL 99.266). As of 31 December 2017 and 31 December 2016, the maturity analysis of carry forward tax losses is as follows:

	31 December 2017	31 December 2016
2018	(13.117)	-
2019	(11.665)	-
2020 and after	(138.113)	(99.266)
	<b>(162.895)</b>	<b>(99.266)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 31 - INCOME TAXES (Continued)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 December 2017, the Group does not recognise deferred tax asset from carry forward tax losses amounting to TL 1.580.789 (31 December 2016: 1.416.965 TL).

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

	2017	2016
1 January	(95.207)	(46.279)
Current period income (expense)	(4.424)	(36.871)
Deferred tax income/(expense)		
Tax recognized under equity	(10.726)	(10.936)
Actuarial loss tax recognised in other comprehensive income statement	1.100	1.695
Effect of discontinued operations	54.130	12.147
Currency translation differences	3.297	(14.963)
Acquisition of subsidiary	478	-
Disposals of subsidiary	(120)	-
<b>31 December</b>	<b>(51.472)</b>	<b>(95.207)</b>

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

	1 January - 31 December 2017	1 January - 31 December 2016
Current period tax expense	(38.821)	(48.943)
Deferred tax income/(expense)	(4.424)	(36.871)
<b>Total tax (expense)/ income</b>	<b>(43.245)</b>	<b>(85.814)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 31 - INCOME TAXES (Continued)

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

	2017	2016
Loss before tax and non-controlling interests <sup>(*)</sup>	(535.777)	(160.194)
Current period tax expense calculated at 20% effective tax rate	107.155	32.039
Tax effect of discontinued operations	(54.130)	(12.147)
Effect of carryforward tax losses not subject to deferred tax asset	(45.857)	(53.166)
Tax effect of adjustments related to share purchase commitments	(29.293)	(1.232)
Effect of investments accounted for by the equity method	(14.968)	(33.893)
Effect of expenses non- deductible / not subject to tax	(13.891)	(10.209)
Effect of change in statutory tax rate on deferred tax	(4.806)	
Exceptions	7.756	
Carry forward tax losses utilized	6.308	
Income not subject to tax	5.649	3.917
Other	(7.168)	(11.123)
<b>31 December</b>	<b>(43.245)</b>	<b>(85.814)</b>

<sup>(\*)</sup> Includes pre-tax loss of continued and discontinued operations.

### NOTE 32 - EARNING/LOSS PER SHARE

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

	1 January - 31 December 2017	1 January - 31 December 2016
Net loss for the period attributable to equity holders of the Parent Company	(471.545)	(219.223)
Weighted average number of shares with face value of TL 1 each	2.616.938	2.616.938
<b>Loss per share (exact)</b>	<b>(0,180)</b>	<b>(0,084)</b>

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### NOTE 33 - RELATED PARTY DISCLOSURES

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

#### i) Balances of related parties:

##### Short term trade receivables from related parties:

	31 December 2017	31 December 2016
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") <sup>(1)</sup>	3.557	3.308
Gümüştaş Madencilik ve Ticaret A.Ş. ("Gümüştaş Madencilik") <sup>(3)</sup>	2.510	45
D Elektronik Şans Oyunları Yayıncılık A.Ş. ("D Elektronik") <sup>(1)</sup>	680	381
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") <sup>(4)</sup>	553	20
Doğan Egmont <sup>(2)</sup>	-	974
Doğan Burda <sup>(2)</sup>	-	450
Other	1.288	3.345
<b>Total</b>	<b>8.588</b>	<b>8.523</b>

<sup>(1)</sup> Receivables related to advertisement sale of the Group.

<sup>(2)</sup> Receivables related to books and magazines sale of the Group.

<sup>(3)</sup> Receivables related to fuel-oil sales of the Group.

<sup>(4)</sup> Receivables related to rent a car services of the Group.

##### Other short term receivables from related parties:

	31 December 2017	31 December 2016
Boyabat Elektrik <sup>(1)</sup>	9.750	10.726
<b>Total</b>	<b>9.750</b>	<b>10.726</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

#### i) Balances of related parties (Continued):

##### Short term trade payables to related parties

	31 December 2017	31 December 2016
Doğan Egmont <sup>(1)</sup>	15.788	10.015
Doğan Burda <sup>(2)</sup>	9.595	12.933
Boyabat Elektrik <sup>(3)</sup>	-	1.336
Ortadoğu Otomotiv <sup>(4)</sup>	-	515
Other	760	604
<b>Total</b>	<b>26.143</b>	<b>25.403</b>

<sup>(1)</sup> Comprises of the books and magazines purchases of the Group.

<sup>(2)</sup> Comprises of the magazines purchases of the Group.

<sup>(3)</sup> Comprises of the electricity purchases of the Group.

<sup>(4)</sup> Comprises of the rent expenses of the Group.

#### ii) Transactions with related parties:

##### Product and service purchases from related parties

	31 December 2017	31 December 2016
Boyabat Elektrik <sup>(1)</sup>	68.139	12.269
Doğan Egmont <sup>(2)</sup>	36.114	26.379
Doğan Burda <sup>(2)</sup>	26.109	27.854
Ortadoğu Otomotiv <sup>(3)</sup>	19.634	19.015
DPP <sup>(4)</sup>	4.582	5.665
Adilbey Holding A.Ş. <sup>(5)</sup>	2.676	4.001
Other	4.317	3.022
	<b>161.571</b>	<b>98.205</b>

<sup>(1)</sup> Comprises of the electricity purchases of the Group.

<sup>(2)</sup> Comprises of the books and magazines purchases of the Group.

<sup>(3)</sup> Comprises of the rent services purchases of the Group.

<sup>(4)</sup> Comprises of the magazine marketing and distribution purchases of the Group.

<sup>(5)</sup> Comprises of the representation services purchases of the Group.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

#### ii) Transactions with related parties (Continued):

##### Product and service sales to related parties:

	31 December 2017	31 December 2016
Doğan Burda <sup>(1)</sup>	17.699	16.899
Doğan Egmont <sup>(1)</sup>	16.522	12.815
Boyabat Elektrik <sup>(3)</sup>	14.265	6.716
D-Market <sup>(2)</sup>	13.825	12.904
Ortadoğu Otomotiv <sup>(3)</sup>	10.220	9.985
Gümüştaş Madencilik <sup>(8)</sup>	8.056	5.457
D Elektronik <sup>(4) (5) (6)</sup>	2.171	2.365
DPP	1.544	-
Adilbey Holding A.Ş. <sup>(2) (3) (4)</sup>	1.268	3.462
Hakimiyet Petrol <sup>(7)</sup>	-	14.222
Other	3.877	11.060
	<b>89.447</b>	<b>95.885</b>

<sup>(1)</sup> The balance consists of raw material, printing and distribution services sales of the Group.

<sup>(2)</sup> The balance consists of product sales of the Group.

<sup>(3)</sup> The balance consists of electricity sales of the Group.

<sup>(4)</sup> The balance consists of car rental and accommodation services sales of the Group.

<sup>(5)</sup> The balance consists of internet services sales of the Group.

<sup>(6)</sup> The balance consists of advertisement sales of the Group.

<sup>(7)</sup> The merge of related subsidiary with Aytemiz Petrolcülük has been registered as of 25 December 2017.

<sup>(8)</sup> The balance consists of fuel oil sales of the Group.

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

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

	31 December 2017	31 December 2016
Salaries and other short term benefits	20.393	17.742
Post-employment benefits	-	-
Termination benefits	-	-
Other long term benefits	-	-
Share based payments	-	-
<b>Total</b>	<b>20.393</b>	<b>17.742</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 34 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### *Financial Instruments and Financial Risk Management*

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

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

#### *a) Market risk*

##### *a.1) Foreign currency risk*

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities as of 31 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 2017	31 December 2016
Foreign currency assets	1.519.522	1.347.814
Foreign currency liabilities	(2.583.092)	(2.110.793)
<b>Net foreign currency position</b>	<b>(1.063.570)</b>	<b>(762.979)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### a) Market risk (continued)

##### a.1) Foreign currency risk (Continued):

Sensitivity analysis for currency risk as of 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 2017	TL Equivalent	USD	EUR	Other
1. Trade Receivables	129.976	18.819	12.975	404
2a. Monetary Financial Assets (Cash, banks included)	1.338.079	217.575	114.521	288
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	24.779	6.543	22	-
<b>4. Current Assets (1+2+3)</b>	<b>1.492.834</b>	<b>242.937</b>	<b>127.518</b>	<b>692</b>
5. Trade Receivables	268	-	57	11
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	26.288	6.840	108	-
7. Other	132	5	25	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>26.688</b>	<b>6.845</b>	<b>190</b>	<b>11</b>
<b>9. Total Assets (4+8)</b>	<b>1.519.522</b>	<b>249.782</b>	<b>127.708</b>	<b>703</b>
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	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>1.230.194</b>	<b>113.259</b>	<b>175.562</b>	<b>10.242</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.052.643	-	226.737	28.813
16a. Other Monetary Liabilities	300.255	79.603	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>1.352.898</b>	<b>79.603</b>	<b>226.737</b>	<b>28.813</b>
<b>18. Total Liabilities (13+17)</b>	<b>2.583.092</b>	<b>192.862</b>	<b>402.299</b>	<b>39.055</b>
<b>19. Net Asset / Liability Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
<b>20. Net Foreign Currency Asset / (Liability) Position (9-18+19)</b>	<b>(1.063.570)</b>	<b>56.920</b>	<b>(274.591)</b>	<b>(38.352)</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1.114.769)</b>	<b>43.532</b>	<b>(274.746)</b>	<b>(38.352)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### a.) Market risk (continued)

##### a.1) Foreign currency risk (Continued):

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

#### a.) Market risk (continued)

##### a.1) Foreign currency risk (Continued):

As of 31 December 2017 and 31 December 2016, foreign currency denominated asset and liability balances were converted by the following exchange rates: TL 3,7719 = USD 1 ve TL 4,5155 = EUR 1 (31 December 2016: TL 3,5192 = USD 1 ve TL 3,7099 = EUR 1).

31 December 2017	Income/Loss	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	21.470	(21.470)
2- Hedging amount of USD (-)	-	-
<b>3- USD net effect on (loss)/income (1+2)</b>	<b>21.470</b>	<b>(21.470)</b>
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(123.991)	123.991
5- Hedging amount of EUR (-)	-	-
<b>6- EUR net effect on (loss)/income (4+5)</b>	<b>(123.991)</b>	<b>123.991</b>
If the other currencies had changed by 10% against the TL		
7- Other currency net (liabilities)/assets	(3.835)	3.835
8- Hedging amount of other currency (-)	-	-
<b>9- Other currency net effect on (loss)/income (7+8)</b>	<b>(3.835)</b>	<b>3.835</b>
<b>TOTAL (3+6+9)</b>	<b>(106.356)</b>	<b>106.356</b>
31 December 2016	Income/Loss	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 10% against the TL		
1- USD net (liabilities)/assets	30.018	(30.018)
2- Hedging amount of USD (-)	-	-
<b>3- USD net effect on (loss)/income (1+2)</b>	<b>30.018</b>	<b>(30.018)</b>
If the EUR had changed by 10% against the TL		
4- EUR net (liabilities)/assets	(107.821)	107.821
5- Hedging amount of EUR (-)	-	-
<b>6- EUR net effect on (loss)/income (4+5)</b>	<b>(107.821)</b>	<b>107.821</b>
If the other currencies had changed by 10% against the TL		
7- Other currency net (liabilities)/assets	1.506	(1.506)
8- Hedging amount of other currency (-)	-	-
<b>9- Other currency net effect on (loss)/income (7+8)</b>	<b>1.506</b>	<b>(1.506)</b>
<b>TOTAL (3+6+9)</b>	<b>(76.297)</b>	<b>76.297</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

#### a) Market risk (continued)

##### a.2) Interest rate risk

##### - Publishing/ Broadcasting

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

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

##### - Other

Other operating segments are exposed to interest rate risk because of financial liabilities of these segments.

Financial obligations in this segment are mainly composed of floating rate borrowings.

As of 31 December 2017, if interest rates on USD denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TL 943 (31 December 2016: 958 TL) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

As of 31 December 2017, 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 TL 4.551 (31 December 2016: 4.747 TL) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

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

	31 December 2017	31 December 2016
<b>Financial instruments with fixed rate</b>		
Financial assets		
- Banks (Note 6)	1.379.444	1.226.385
- Financial investments (Note 7)	196.880	365.468
Financial liabilities (Note 8)	2.798.258	1.718.751
<b>Financial instruments with floating rate</b>		
Financial liabilities (Note 8)	566.560	570.469



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

#### a.) Market risk (continued)

#### a.2) Interest rate risk (Continued):

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

	31 December 2017			31 December 2016		
	USD	EUR	TL	USD	EUR	TL
<b>Assets</b>						
Cash and cash equivalents	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	5,36	-	15,68	4,41	-	5,96
<b>Liabilities</b>						
Financial liabilities	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 2017	Up to-1 year	1-5 years	Over 5 years	Free of Interest	Total
<b>Assets</b>					
Cash and cash equivalents (Note 6)	1.379.444	-	-	329.023	1.708.467
Financial investments (Note 7)	71.743	-	-	-	71.743
<b>Total</b>	<b>1.451.187</b>	<b>-</b>	<b>-</b>	<b>329.023</b>	<b>1.780.210</b>
<b>Liabilities</b>					
Short and long term financial liabilities (Note 8) <sup>(1)</sup>	2.617.603	698.527	48.688	-	3.364.818
Other financial liabilities (Note 8)	-	666.291	-	-	666.291
<b>Total</b>	<b>2.617.603</b>	<b>1.364.818</b>	<b>48.688</b>	<b>-</b>	<b>4.031.109</b>
<b>Assets</b>					
Cash and cash equivalents (Note 6)	1.226.385	-	-	285.778	1.512.163
Financial investments (Note 7)	288.752	-	-	-	288.752
<b>Total</b>	<b>1.515.137</b>	<b>-</b>	<b>-</b>	<b>285.778</b>	<b>1.800.915</b>
<b>Liabilities</b>					
Short and long financial liabilities (Note 8) <sup>(1)</sup>	1.393.837	871.427	23.956	-	2.289.220
Other financial liabilities (Note 8)	-	519.829	-	-	519.829
<b>Total</b>	<b>1.393.837</b>	<b>1.391.256</b>	<b>23.956</b>	<b>-</b>	<b>2.809.049</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### b) Credit risk

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 2017 is as follows:

	Trade receivables		Other receivables	
	Related party	Other	Related party	Other
Maximum net credit risk as of the reporting date	8.588	2.246.329	9.750	48.324
- The part of maximum risk under guarantee with collateral	-	533.623	-	-
A. Net book value of neither past due nor impaired financial assets	8.588	1.964.585	9.750	48.324
- Guaranteed amount by collateral	-	469.369	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	281.744	-	-
- Guaranteed amount by collateral (Note 9)	-	64.254	-	-
D. Impaired asset net book value				
- Past due (gross amount) (Note 9, 19)	-	257.243	-	421
- Impairment (-) (Note 9, 19)	-	(257.243)	-	(421)
- Net value collateralized or guaranteed	-	-	-	-

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### b) Credit risk (continued)

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### b) Credit risk (continued)

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

	31 December 2017		31 December 2016	
	Related party	Other receivables	Related party	Other receivables
Maturity				
1-30 days overdue	-	102.961	-	94.076
1-3 months overdue	-	74.902	-	52.125
3-12 months overdue	-	59.945	-	59.369
1-5 years overdue	-	43.936	-	15.446
Total	-	281.744	-	221.016
Guaranteed amount by collateral				
Publishing	-	23.154	-	13.748
Energy	-	29.462	-	22.388
Other	-	11.638	-	12.765
Total	-	64.254	-	48.901

#### c) Liquidity risk

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### c) Liquidity risk (continued)

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

31 December 2017	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
<b>Non-derivative financial liabilities</b>						
Short term and long term financial borrowing (Note 8)	3.364.818	3.684.427	1.025.156	1.762.701	793.345	103.225
Trade payables (Note 9)	1.278.158	1.286.447	876.689	409.758	-	-
Other financial liabilities (Note 8)	666.291	666.291	-	-	666.291	-
Other payables (Note 10)	162.665	170.799	52.251	104.838	13.710	-
Trade payables to related parties (Note 33)	26.143	26.143	-	26.143	-	-
Payables related to employee benefits (Note 22)	36.307	36.307	-	36.307	-	-
Deferred income (Note 20)	97.952	97.952	92.326	-	5.626	-
Other short-term provisions(Note:17)	36.724	36.724	-	36.724	-	-
<b>Total</b>	<b>5.669.058</b>	<b>6.005.090</b>	<b>2.046.422</b>	<b>2.376.471</b>	<b>1.478.972</b>	<b>103.225</b>

31 December 2016	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
<b>Non-derivative financial liabilities</b>						
Short term and long term financial borrowing (Note 8)	2.289.220	2.417.348	468.313	1.012.791	902.005	34.239
Trade payables (Note 9)	939.110	953.928	696.825	257.103	-	-
Other financial liabilities (Note 8)	519.829	636.046	-	-	496.309	139.737
Other payables (Note 10)	351.564	368.305	138.758	110.098	119.449	-
Trade payables to related parties (Note 33)	25.403	25.403	-	25.403	-	-
Short-term provisions for employment benefits(Note:22)	51.263	51.263	-	51.263	-	-
Payables related to employee benefits (Note 22)	36.796	36.796	-	36.796	-	-
Deferred income (Note 20)	63.700	63.700	56.243	-	7.457	-
Other short-term provisions(Note:17)	40.498	40.498	-	40.498	-	-
<b>Total</b>	<b>4.317.383</b>	<b>4.593.287</b>	<b>1.360.139</b>	<b>1.533.952</b>	<b>1.525.220</b>	<b>173.976</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### 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 collectability.. 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.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

#### e) Capital risk management

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

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

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

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

	31 December 2017	31 December 2016
Total liability <sup>(1)</sup>	6.158.701	4.663.796
Less: Cash and cash equivalents (Note 6)	(1.708.467)	(1.512.163)
<b>Net liability</b>	<b>4.450.234</b>	<b>3.151.633</b>
Equity attributable to equity holders of the parent company	2.608.363	2.999.228
<b>Total equity</b>	<b>7.058.597</b>	<b>6.150.861</b>
<b>Net liability / Total equity ratio</b>	<b>63%</b>	<b>51%</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

31 December 2017 Financial assets	Note	Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Fair value through profit or loss	Carrying value
Cash and cash equivalents	6	1.708.467	-	-	-	-	1.708.467
Trade receivables from non-related parties	9	2.246.329	-	-	-	-	2.246.329
Trade receivables from related parties	33	8.588	-	-	-	-	8.588
Other receivables from non-related parties	10	48.324	-	-	-	-	48.324
Other receivables from related parties	33	9.750	-	-	-	-	9.750
Derivative instruments	21	-	-	-	83	-	83
Financial investments	7	-	196.880	-	-	-	196.880

#### Financial liabilities

Short and long term financial liabilities	8	-	-	3.364.818	-	-	3.364.818
Trade payables to non-related parties	9	-	-	1.278.158	-	-	1.278.158
Trade payables to related parties	33	-	-	26.143	-	-	26.143
Other payables to non-related parties	10	-	-	162.665	-	-	162.665
Payables regarding employee benefits	22	-	-	36.307	-	-	36.307
Other financial liabilities	8	-	-	661.291	-	-	661.291

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

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

31 December 2016 Financial assets	Note	Loans and receivables (including cash and cash equivalents)	Financial assets available for sale	Financial liabilities at amortised cost	Instruments designated as hedges of financial risk	Fair value through profit or loss	Carrying value
Cash and cash equivalents	6	1.512.163	-	-	-	-	1.512.163
Trade receivables from non-related parties	9	1.510.932	-	-	-	-	1.510.932
Trade receivables from related parties		8.523	-	-	-	-	8.523
Other receivables from non-related parties	10	46.128	-	-	-	-	46.128
Other receivables from related parties	33	10.726	-	-	-	-	10.726
Derivative instruments	21	-	-	-	551	-	551
Financial investments	7	-	114.882	-	-	-	114.882

#### Financial liabilities

Short and long term financial liabilities	8	-	-	2.289.220	-	-	2.289.220
Trade payables to non-related parties	9	-	-	939.110	-	-	939.110
Trade payables to related parties	33	-	-	25.403	-	-	25.403
Other payables to non-related parties	10	-	-	351.564	-	-	351.564
Payables regarding employee benefits	22	-	-	36.796	-	-	36.796
Other financial liabilities	8	-	-	519.829	-	-	519.829

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, 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 2017	Level 1 TL	Level 2 TL	Level 3 TL
Derivative instruments held at fair value through profit or loss (Note 21)	83	-	-	83
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	125.137	-	125.137	-
Bonds and bills (Note 7)	71.741	71.741	-	-
<b>Total</b>	<b>196.961</b>	<b>71.741</b>	<b>125.137</b>	<b>83</b>
<b>Financial liabilities</b>				
Derivative instruments held at fair value through profit or loss (Note 21)	1.098	-	-	1.098
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>1.098</b>	<b>-</b>	<b>-</b>	<b>1.098</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

	31 December 2016	Fair value level as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
<b>Financial assets</b>				
Derivative instruments held at fair value through profit or loss (Note 21)	551	-	-	551
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	76.716	-	76.716	-
Bonds and bills (Note 7)	114.882	114.882	-	-
<b>Total</b>	<b>192.149</b>	<b>114.882</b>	<b>76.716</b>	<b>551</b>
<b>Financial liabilities</b>	-	-	-	-
Derivative instruments held at fair value through profit or loss (Note 21)	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED. CURRENCIES OTHER THAN TL, EXPRESSED IN THOUSANDS UNLESS OTHERWISE INDICATED.)

### NOTE 36 - SHARES IN OTHER OPERATIONS

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

	TME	AYTEMİZ (*)	31 December 2017
Current assets	5.174	889.972	895.146
Non-current assets	9.054	639.677	648.731
Current liabilities	33.610	799.716	833.326
Non-current liabilities	30.598	207.041	237.639
<b>Total equity</b>	<b>(49.980)</b>	<b>522.890</b>	<b>472.910</b>

			1 January - 31 December 2017
Revenue	10.015	5.500.291	5.510.306
Cost of sales	(6.494)	(5.193.727)	(5.200.221)
Gross profit/(loss)	3.521	306.564	310.085
Profit/(loss) for the period	(4.386)	25.474	21.088

	TME	AYTEMİZ (*)	31 December 2016
Current assets	10.088	635.720	645.808
Non-current assets	263.751	563.028	826.779
Current liabilities	34.009	491.467	525.476
Non-current liabilities	50.898	209.692	260.590
<b>Total equity</b>	<b>188.932</b>	<b>497.589</b>	<b>686.521</b>

			1 January - 31 December 2016
Revenue	9.804	3.478.490	3.488.294
Cost of sales	(6.589)	(3.251.842)	(3.258.431)
Gross profit/(loss)	3.215	226.648	229.863
Profit/(loss) for the period	(10.089)	(6.124)	(16.213)

(\*) Consist of consolidated balances.

### NOTE 37 - SUBSEQUENT EVENTS

Consolidated financial statements prepared for the period ended as of 31 December 2017 are approved by the Board of Directors on 8 March 2018. The financial statements cannot be changed or modified by people who are not part of the Board of Directors.

After the statement of financial position date and as of the report date, the Group sold 140.000 units, 61.500 units, 2.277.000 units and 61.000 units respectively in Çelik Halat ve Tel Sanayi A.Ş., Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş., Milpa Ticari ve Sınai Ürünler Pazalama Sanayi ve Tic. A.Ş. and Doğan Gazetecilik shares.

It has been resolved to buy, in return for 4.018.673 Turkish Lira, 43.300 shares of the financing bonds, of the Group's direct subsidiary Doruk Faktoring A.Ş., with a nominal value of 4.330.000 Turkish Lira, whereby we have 94,89% shares in the fully issued capital of 40.000.000 Turkish Lira, which shares were issued and sold outside Borsa İstanbul A.Ş. to qualified investors on 2 February 2018, without holding a public offering, with a term of 174 days, and the discounted selling price is 92,81 Turkish Lira each (nominal value of 100,00 Turkish Lira). The purchase price is the same with purchase prices of other third parties who make purchase in this exportation.

Following completion of the issuance and sale, such financing bonds will begin to be traded among qualified investors on Borsa İstanbul A.Ş. Borrowing Instruments Market In the Outright Purchases and Sales Market.



## Corporate Information

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Company Name	Doğan Şirketler Grubu Holding A.Ş.
Date of Establishment	September 22, 1980
Trade Registry Number	175444
MERSİS (Central Registry System) Number	0306005092400010
Tax Office	Büyük Mükellefler Vergi Dairesi
Tax Identification Number	3060050924
Issued Capital	TL 2,616,938,288
Registered Capital Ceiling	TL 4,000,000,000
Stock Exchange	Borsa İstanbul A.Ş.
Ticker Symbol	DOHOL
Address	Burhaniye Mah. Kısıklı Cad. No: 65 Üsküdar/İstanbul
Website	<a href="http://www.doganholding.com.tr">www.doganholding.com.tr</a>
E-mail	<a href="mailto:ir@doganholding.com.tr">ir@doganholding.com.tr</a>
Telephone	+90 (216) 556 90 00
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Reporting Period	01.01.2017 – 31.12.2017

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