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**Every day we touch the lives of millions of people.**

Doğan Holding continues to offer products and services that make a difference in the media and energy sectors, which constitute our main focus, as well as retail, industry, real estate marketing, tourism and financial services.

We work for Turkey's future with a view targeting to become better and better in all of our business segments.

**We add value to the lives of millions of people with the products, vision and innovations we offer every day.**



# Who Are We?



## Media

### Doğan Yayın Holding A.Ş.

**Areas of Business:** Publishing, broadcasting, Internet, foreign trade, distribution and factoring

**Publishing:** Doğan Yayın Holding A.Ş. reaches approximately 5 million readers every day via Hürriyet, Posta, Radikal, Fanatik and Hürriyet Daily News newspapers. It remains the market leader position for newspaper circulation with a 23% market share. Displaying successful performance for magazine publishing, too, the Holding enjoys a 34% market share in total magazine circulation with more than seven million units sold. Doğan Dağıtım handles the distribution of two-thirds of the newspaper circulation and almost three-fourths of magazine circulation in Turkey and continues to expand its field of activity with diligent, high quality service philosophy. Another business line where DYH performs with success is classified ads. Trader Media East, which operates as part of Hürriyet, is the market leader in the classified ads sector in Russia and Central Europe.

**Broadcasting:** In television broadcasting, DYH boasts game-changing brands such as Kanal D and CNN Türk that lead the way in terms of change and innovation. The Holding translates its principle of continuous development into practice in radio broadcasting through the channels Radyo D, CNN Türk Radyo and Slow Türk Radyo, along with the digital platform D-Smart - all appealing to wide masses with their rich content. In addition to these activities, DYH also engages in important television, movie and commercial production projects via production companies D Productions and InDHouse. Kanal D Romania rapidly established a position in the top tier in the Romanian broadcasting sector.

### Foreign Trade and Factoring Services:

Doğan Dış Ticaret mainly focuses on the paper and print materials import for newspaper publishing. As for factoring, Doğan Faktoring A.Ş. conducts comprehensive risk analyses on commercial receivables, thus creating immense value by helping its customers avoid possible problems in collection.

## Energy

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

**Areas of Business:** Energy production from every source, as well as energy transmission, distribution, wholesale and retail trade in the domestic and international market

The energy sector is an area of focus for Doğan Holding, with Doğan Enerji helping to meet Turkey's increasing energy demand with investments. Doğan Enerji owns a 33% equity stake in Boyabat Elektrik Üretim ve Ticaret Anonim Şirketi, which controls one of Turkey's largest private power plants; the Boyabat Dam and Hydroelectric Power Plant (HEPP) with an installed capacity of 513 MW. The Aslancık Dam and HEPP project, owned 25% by Doğan Holding and 8.33% by Doğan Enerji, will have an installed capacity of 120 MW. Since acquiring a 50% stake in 2009 of Gas Plus Erbil, carrying out Doğan Enerji's oil exploration operations in Northern Iraq, Doğan Enerji has a net interest of 20% in the Erbil Project. As an indication of the importance it attaches to renewable energy resources, Doğan Enerji added to its portfolio Galata Wind Enerji A.Ş. (Şah WEPP), with an installed capacity of 93 MW and Akdeniz Elektrik Üretim A.Ş. (Mersin WEPP) with an installed capacity of 33 MW in June 2012. With further capacity increases, the total installed power of the WEPP investments will reach 147 MW.



## 17 COUNTRIES

With its products and services reaching across a vast geography spanning 17 nations, the Doğan Group continues to create value through its strategic partnerships with six international groups.



## 23,000

The Group provides jobs for over 23,000 people, of which 13,750 are its direct employees and thus plays a key role in national employment.

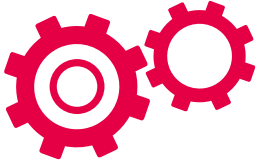
### DOĞAN HOLDING IN BRIEF

As one of the driving forces of the Turkish economy, the foundation of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding", "Doğan Group", "Holding" or "Group") was laid about 54 years ago. Honorary President Aydın Doğan registered with the Mecidiyeköy Tax Office in 1959 and started his professional career. He established his first company in 1961 in the auto industry, thus marking the beginning of the journey to become the Doğan Group. The Group is currently active in the media, energy and retail sectors, as well as industry, real estate marketing, tourism and financial services.



In all of its companies, the Doğan Group successfully translates into practice the foundation blocks of its corporate culture, namely the principles of innovation, consistency, flexibility, transparency, quality, social responsibility, customer focus and teamwork. The Group keeps abreast of changes in Turkey and abroad thanks to its competent management team and innovative management approach. The Doğan Group applies its dynamism to all of its productive and commercial activities. Implementing such a change-oriented perspective in its management practices, the Group sets a precedent in corporate governance and ethical values across all sectors.

With products and services that reach out to a vast geography spanning across 17 nations, the Doğan Group continues to create value through strategic partnerships with six international groups. The Group provides jobs for over 23,000 people, of which 13,750 are direct employees, playing a key role in national employment.



## Industry

### Çelik Halat ve Tel San. A.Ş. (Çelik Halat)

**Areas of Business:** Steel wire ropes, mechanical spring wire, galvanized wire, concrete strand and bead wire manufacturing

Founded in 1962, Çelik Halat ve Tel Sanayii A.Ş. is a leading company supplying the Turkish industry with steel wire ropes, mechanical spring wire, galvanized wire, concrete strand and bead wire. Having successfully attained its sales targets, the Company enjoys a market share of 40%; it exports products to 37 nations.

### DİTAŞ Doğan Yedek Parça ve İmalat A.Ş. (DİTAŞ)

**Areas of Business:** Design and manufacturing of rods and parts for vehicle manufacturers (OEMs) and the spare parts market (IAM) within the automotive supplier segment

DİTAŞ manufactures products for the original equipment segment and the independent spare parts segments. Established in 1972, the Company is the largest manufacturer in Turkey producing for both original equipment and independent spare parts segments within the automotive supplier sector. As a key player in the manufacturing of original parts for automotive manufacturers, DİTAŞ also exports its products to 26 countries.

### Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. (Doğan Organik)

**Areas of Business:** Organic livestock breeding and dairy products

Founded in 2002 for the purpose of turning Kelkit and its environs into a hub of organic livestock breeding and dairy products, Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. currently operates Kelkit Organik Süt Sığırıcılığı İşletmesi, which boasts about 100 employees and 100 contracted local farmer families, 80 of whom are engaged in agriculture and the remaining 20 in livestock breeding. Turkey's largest organic raw milk producer and the largest supplier of the raw material for organic drinking milk sold in the domestic market, the Company produces branded organic dairy products such as Migros Ticaret's M life, Metro Gross Market's Fine Life and Karamış Grup's Sıryana.



## Retail

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

**Areas of Business:** Retail and merchandising

With a range of over 150,000 products, D&R offers swift, rich and high quality services to consumers through 125 stores in 26 provinces. D&R stores feature books, music, films, magazines, multimedia products, electronics, video games, games, hobby products, accessories and stationery



## Tourism

### Milta Turizm İşletmeleri A.Ş. (Milta)

**Areas of Business:** Hotel, marina and travel agency operations, fleet and daily car rental services and air taxi transportation

Doğan Holding's tourism industry investments and operations are managed under the umbrella of Milta Turizm İşletmeleri A.Ş., founded in 1982. Milta provides hotel management services in Bodrum via Işıl Club and travel agency operations and fleet and daily car rental services via Işıl Tur. The Company runs its marina operations via Milta Bodrum Marina and ranks among the top ten marinas in the Mediterranean. Milta also offers domestic and international air taxi transportation services through the Doğan Havacılık Branch.

The Company undertakes real estate development investments via its subsidiaries Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. and Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.

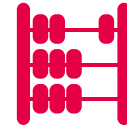


## Real Estate Marketing

### Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. (Milpa)

**Areas of Business:** Construction and marketing

Pursuant to a strategic corporate decision in the early 2000s, Milpa shifted its focus to the real estate sector. Since its inception, it has been creating value in marketing with its pioneering approach. During the last 33 years, Milpa has marketed a vast range of products from computers to automotive, electronics to real estate. Currently the Company showcases its know-how and experience in the real estate sector.

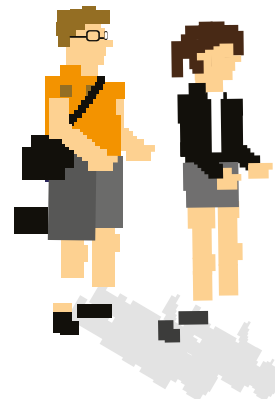


## Financial Services

### DD Konut Finansmanı A.Ş. (DD Mortgage)

**Areas of Business:** Home mortgage

DD Konut Finansmanı A.Ş. (DD Mortgage) is Turkey's first mortgage-backed housing finance company. With its robust shareholding structure, it is a major player in the home mortgage market.



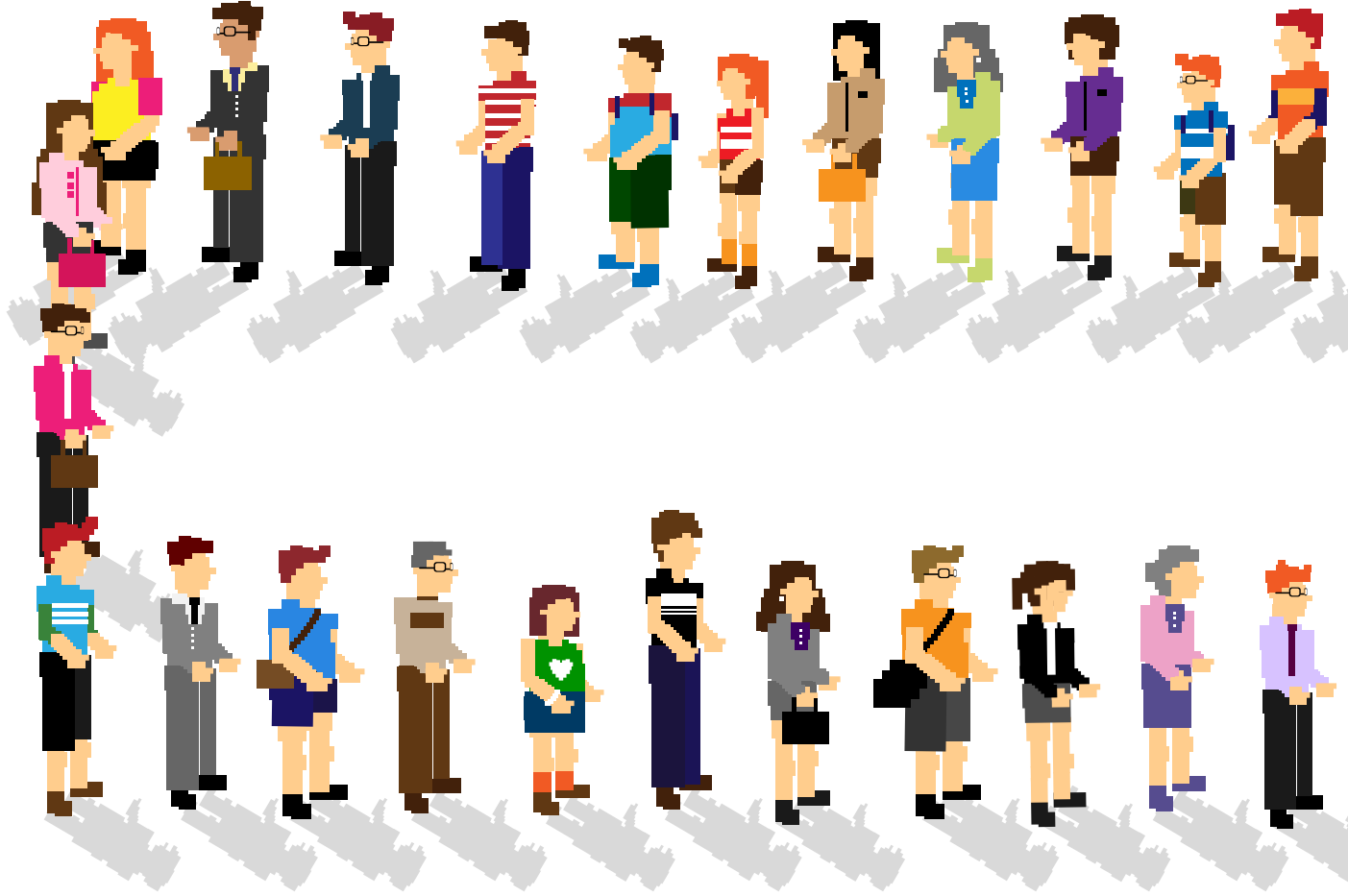
# Our Reason for Being

## Our Vision

*To undertake efficient and sustainable investments in service, commerce and industry platforms that actively contributes to transparency in society as a whole and to the economic welfare and stability of the individual.*

## Our Mission

*To identify, develop and implement state-of-the art commercial and technological applications in consumer-facing products and services; To establish the institutional facilities and capabilities necessary for the effective execution of these efforts in Turkey and the region.*







# Our Road Map



## The Media

Doğan Holding companies, each leading in their respective sectors, successfully performed in 2012, capitalizing on the Group's know-how and strength. Its innovative vision, dynamic structure that rapidly adapts to changing conditions along with its capacity to make timely and accurate decisions are all shared by the companies under its roof. As a result, Group companies continued their development and displayed consistent growth performance during 2012.

The primary targets of Doğan Holding companies for 2013 are as follows:

With innovative vision and know-how, DYH undertakes investments that add value to the Turkish media sector. In 2013, DYH will keep abreast of changes in the online media and will seize growth opportunities via mergers and acquisitions in this field. DYH plans to join forces with key players at Turkish and global media companies to undertake sustainable investments. In the coming period, the Company will focus on partnerships that contribute to consistent growth. In addition, the Company will also keep an eye on international investment opportunities.

The TV channel Kanal D is a pioneer in Turkish broadcasting sector with its modern and creative broadcasting line and original programs. Kanal D's successful performance will be enhanced further with even richer program content. There will be more efforts to bolster tv2, launched successfully in August 2012 and to raise the prestige of CNN Türk among viewers. Doğan TV Holding's leading production companies D Prodüksiyon and InDHouse will continue to focus on content production.

Continuously updating its service packages in line with changing market dynamics, D-Smart will increase the number of HD channels, expand technological investments, enhance services and content and reach out to more consumers through different package and price options in 2013. Furthermore, the Company will expand the service area of D-Smart BLU to enable clients to access content not only through the television but also via the Internet with PCs, laptops, tablet PCs and smartphones. As a result, more value will be created for D-Smart subscribers.

The Company believes that, both domestically and overseas, the growth of online advertisement revenue will outpace average market growth. Accordingly, aside from striving to enhance its efficiency and access in the conventional media, the Company is also keen on capitalizing on the rapid growth of the Internet and increasing revenue. In the new media order, the objective is to access readers not only via newspapers but through every platform. Currently, Hürriyet Internet Group reaches out to around 6.8 million people via newspapers, the web, tablet PCs and smartphones. In the coming years, the Group targets to reach approximately 10 million people and thus increase the share of Internet in its overall revenue.

In the upcoming period, Doğan Gazetecilik will continue its consistent growth thanks to strong brands, efficient management and responsible broadcasting philosophy. Having completed the year 2012 as the leader of its sector, Doğan Burda Magazine Group will preserve its strong position in terms of brand recognition, circulation and advertising as well as its market leadership in the year 2013. DYH plans to diversify its publications to reach out to a wider audience and will undertake the necessary investment to improve and enhance its current portfolio.







## Energy

In the energy sector, its second largest business segment, Doğan Group continued to undertake investments at full speed. Organic growth continues and acquired investments are expanding. The Aslancık HEPP project is planned for completion with production starting in the second half of 2013. The installed power of Mersin WEPP, where capacity increase efforts are in progress, reached 42 MW in early 2013, there is ongoing work to upgrade Şah WEPP's installed power to 105 MW by mid-2013.

As for oil exploration and production activities carried out via Gas Plus Erbil in Northern Iraq, the Company continued test production at the Bastora oil field in 2012. With the Field Development Plan approved in February, the Company drilled a development well and carried out engineering work on surface facilities. Work at the development well was completed in December and additional petroleum was discovered. In parallel, there was a rise in production reserves. In 2013, two development wells will be drilled and engineering, procurement, construction and installation work at the surface facilities at the Benenan and Bastora oil fields will be completed.

Aside from its assets in the energy sector, Doğan Group aims to participate in production, distribution and commerce activities in the electricity sector, petroleum exploration and extraction, as well as fuel oil distribution so as to expand its portfolio. In 2013, the Group will maintain a close watch in investment opportunities in this field continue with its energy investments and also implement practices to boost the productivity of its facilities.



## Industry

Doğan Holding will continue its sustainable and profitable growth in industry in 2013. In line with this target, Ditaş will strive to reach out to new markets, improve its corporate structure, implement productivity-focused applications across its business processes, maintain a continuous improvement in customer satisfaction and raise the standards of quality, environment and work safety.

In 2013, Çelik Halat aims to grow in the high value-added product steel wire ropes. The Company tries to identify its investment requirements by carrying out a detailed market research survey across the sectors where this product is in demand. Once the market survey is complete, the Company will determine that improvements must be undertaken in the wire manufacturers under its umbrella and that groups outside Çelik Halat should be added to the Group's portfolio. As for other product categories, the Company will prioritize sales and marketing activities to maintain its growth in domestic and international markets and efforts to boost productivity and cost-cutting.

Doğan Organik will increase its footprint in the segment in parallel with the expansion of the organic dairy product market and continue to organize organic milk production in the Kelkit region through the most productive methodology.



## Retail

Offering a vast range of culture, arts and entertainment products in a modern and relaxing atmosphere, D&R will inaugurate new stores during the upcoming year. As Turkey's only retail chain of its kind, D&R will continue to invest in e-commerce in the year 2013. The Company plans to enhance its service quality, maximize customer satisfaction and increase its online turnover through e-commerce operations.



## Tourism

As one of Doğan Holding's primary tourism investments, Işıl Club Bodrum will preserve its price/quality equilibrium in 2013 and aim to develop new services focusing on higher customer satisfaction.

Milta Bodrum Marina is a well-known brand thanks to its location in Bodrum's town center, proximity to airports and its professional workforce. The Company will further enhance its productivity in 2013 with innovative services and continue to improve its quality.

2013 is expected to be a year full of investment and growth opportunities for fleet rental companies. Işıl Tur will make the most of the opportunities in the industry and sustain its profitable growth in the periods ahead.



## Financial Services

DD Konut Finansmanı enjoys a key position in its sector thanks to its customer-focused, swift, efficient and high quality service philosophy. In 2013, the Company will continue to operate via its current branch and sales channels.



# Who Are Our International Business Partners?

## Magazine Publishing



## Book Publishing

EGMONT

*Doğan Egmont*

## TV Broadcasting



DTVH  
DOĞAN TV HOLDİNG A.Ş.



## Technological



D-SMART

## Financial Services



# How Did Our Shares Perform?

Eight companies in the Doğan Group are listed on the Borsa İstanbul Stock Exchange. Key information on their share performance as of December 31, 2012 is presented below.

## Çelik Halat ve Tel Sanayii A.Ş.

Share Price: **TL 3.37**  
Number of Shares: **16.5 million**  
Market Cap: **TL 56 million**  
Borsa İstanbul Ticker Symbol: **CELHA**

## Doğan Gazetecilik A.Ş.

Share Price: **TL 1.51**  
Number of Shares: **105 million**  
Market Cap: **TL 159 million**  
Borsa İstanbul Ticker Symbol: **DGZTE**

## Hürriyet Gazetecilik ve Matbaacılık A.Ş.

Share Price: **TL 0.92**  
Number of Shares: **552 million**  
Market Cap: **TL 508 million**  
Borsa İstanbul Ticker Symbol: **HURGZ**

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

Share Price: **TL 3.07**  
Number of Shares: **10 million**  
Market Cap: **TL 31 million**  
Borsa İstanbul Ticker Symbol: **DITAS**

## Doğan Şirketler Grubu Holding A.Ş.

Share Price: **TL 0.92**  
Number of Shares: **2,450 million**  
Market Cap: **TL 2,254 million**  
Borsa İstanbul Ticker Symbol: **DOHOL**

## Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş.

Share Price: **TL 1.12**  
Number of Shares: **127.4 million**  
Market Cap: **TL 143 million**  
Borsa İstanbul Ticker Symbol: **MIPAZ**

## Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.

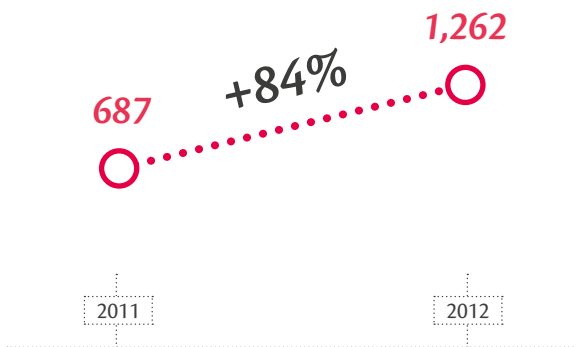
Share Price: **TL 3.48**  
Number of Shares: **19.6 million**  
Market Cap: **TL 68 million**  
Borsa İstanbul Ticker Symbol: **DOBUR**

## Doğan Yayın Holding A.Ş.

Share Price: **TL 0.78**  
Number of Shares: **2,000 million**  
Market Cap: **TL 1,560 million**  
Borsa İstanbul Ticker Symbol: **DYHOL**



## Doğan Holding Market Cap (US\$ million)\*



\*Calculated based on closing price at year-end.



# How Did Our Key Indicators Turn Out?

## Key financial indicators (TL million)

Summary Balance Sheet	2012	2011	2010
Total Assets	8,669	8,688	8,071
Current Assets	4,193	4,990	4,772
Non-current Assets	4,475	3,699	3,298
Short-term Liabilities	2,415	2,027	1,834
Long-term Liabilities	2,163	2,769	1,580
Equity Attributable to Equity Holders of the Parent Company	3,181	3,070	3,892

In accordance with the IAS40 standard, the Group has decided to display the real appraisal value of its "investment property" not the cost value. In line with the IAS8 standard, the Group accounted for the effects of this change from January 1, 2010 onward and accordingly restated its consolidated financial statements.

Summary Income Statement	2012	2011	2010*
Sales	3,157	2,861	2,519
Gross Operating Profit	945	800	666
Operating Profit /(Loss) <sup>1</sup>	124	24	-8
EBITDA <sup>2</sup>	326	223	187
EBITDA Margin <sup>2</sup>	10.3%	7.8%	7.4%
Net Profit/(Loss) After Tax and Minority Interests <sup>3</sup>	156	-754	656

(1) Excluding other operating income and expenses.

(2) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).

(3) Net Profit/(Loss) After Tax and Minority Interests also includes Net Profit/(Loss) from Discontinued Operations.

\* 2010 financial statements were restated due to discontinued operations.

Ratios	2012	2011	2010
Gross Profit Margin	29.9%	28.0%	26.4%
Operating Profit Margin <sup>1</sup>	3.9%	0.9%	-0.3%
EBITDA Margin <sup>2</sup>	10.3 %	7.8%	7.4%
Current Ratio	1.74	2.46	2.60
Liquidity Ratio	1.64	2.34	2.48
Debt/Equity Ratio	1.12	1.23	0.73

(1) Excluding other operating income and expenses.

(2) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), as calculated by the Company





## Operational indicators (TL million)

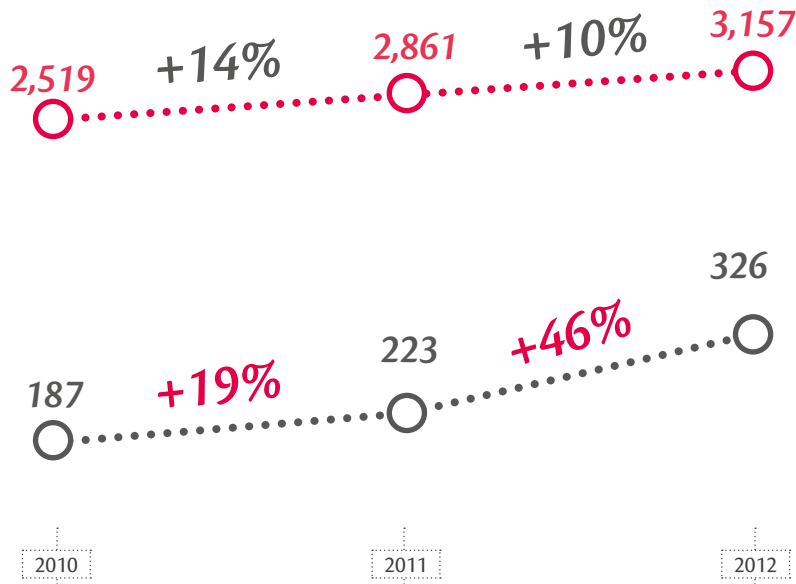
	2012		2011	
	Net Sales	Total Assets	Net Sales	Total Assets
Media	2,526	3,937*	2,338	4,684*
Retail	345	155	288	-
Other	352	6,687	271	5,897
Inter-segment Eliminations	-66	-2,111**	-36	-1,892**
<b>Total</b>	<b>3,157</b>	<b>8,669</b>	<b>2,861</b>	<b>8,688</b>

\* Since Doğan Yayın Holding, the main partnership in the media business line, controls Doğan Havacılık Grup and keeps its accounting records according to the shareholders' equity method, Doğan Havacılık Grup's accounting process followed the full consolidation method under the segment "Other."

\*\* Inter-segment elimination consists of the elimination of the Group's stake in Doğan Yayın Holding that figures among the Group's total assets and of the mutual liabilities and receivables between the media group and other business lines.

### Sales (TL million)

### EBITDA (TL million)



# Our Management Approach

## Board of Directors\*

FULL NAME	TITLE
Y. Begümhan DOĞAN FARALYALI	Chairperson
Hanzade V. DOĞAN BOYNER	Vice Chairperson
Arzuhan DOĞAN YALÇINDAĞ	Board Member
Vuslat DOĞAN SABANCI	Board Member
Yahya ÜZDİYEN	Executive Director
İmre BARMANBEK	Board Member
Ertuğrul Feyzi TUNCER	Independent Board Member
Ali Aydın PANDIR	Independent Board Member
Tayfun BAYAZIT	Independent Board Member

## Executive Committee

FULL NAME	TITLE
Yahya ÜZDİYEN	President
Soner GEDİK	Member
Ahmet TOKSOY	Member, (CFO)

## Audit Committee

FULL NAME	TITLE
Tayfun BAYAZIT	President (Independent Board Member)
Ali Aydın PANDIR	Member (Independent Board Member)

## Corporate Governance Committee

FULL NAME	TITLE
Tayfun BAYAZIT	President (Independent Board Member)
İmre BARMANBEK	Member
Dr. Murat DOĞU	Member

## Risk Assessment Committee

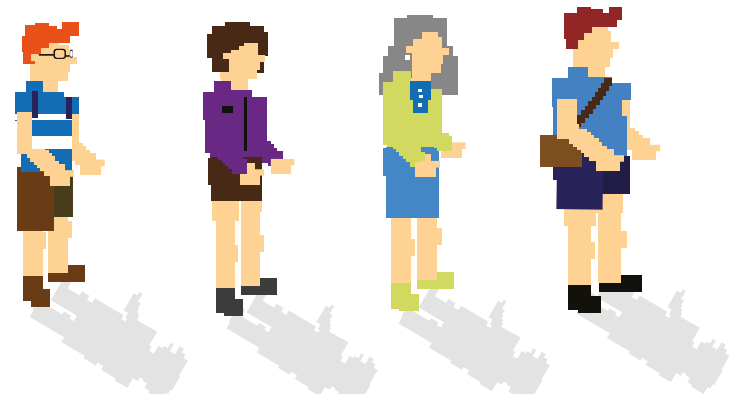
FULL NAME	TITLE
Ertuğrul Feyzi TUNCER	President (Independent Board Member)
Erem Turgut YÜCEL	Member
Tolga BABALI	Member
Yener ŞENOK	Member
Dr. Murat DOĞU	Member
Ayhan SIRTIKARA	Member
Korhan KURTOĞLU	Member

Through various investments in its field of activity, Doğan Şirketler Grubu Holding A.Ş. endeavors to become a corporation that contributes to the development of Turkey while leading the way in innovation and change. Doğan Holding embraces the concepts of equality, transparency, accountability and responsibility outlined in the Corporate Governance Principles issued by the Capital Markets Board and abides by these principles in all of its business processes.

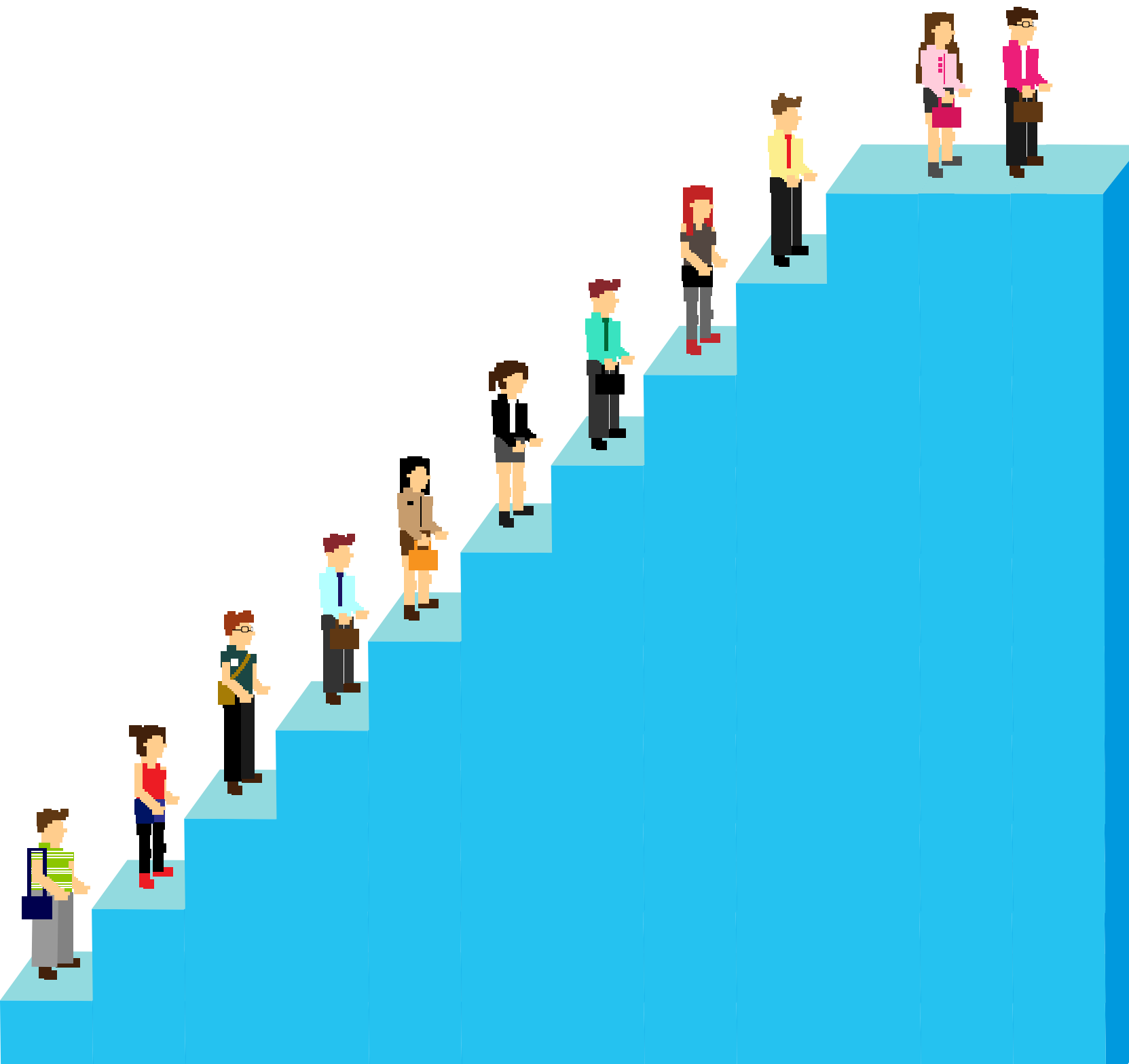
In line with these priorities, the Company joined BIST's Corporate Governance Index on November 4, 2009. Authorized by the Capital Markets Board to assign rating in accordance with CMB's applicable regulations and resolutions, SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. revised Doğan Holding's corporate governance rating from 8.59 to 9.03 as of November 5, 2012.

The entire management team and employees of Doğan Holding have embraced an entrepreneurial, consistent, transparent management approach that emphasizes communication and teamwork to support the Group's sustainable growth strategy.

\* Detailed information about the Board of Directors and Committees, as well as the résumés are presented in the Corporate Governance Principles Compliance Report.







# Rankings and Awards

The achievements of CNN Türk, Turkey's first TV channel established through an international partnership, were confirmed with the corporate partnership award from the American Turkish Society.



participating projects across Turkey. The Company also received the Jury's Second Prize granted by a Selection Committee comprising experts from CSR Europe, UNDP and international CSS specialists.

## **Kanal D the most popular TV channel in 2012**

In the fourth edition of the Turkey Lovemarks survey, jointly conducted by MediaCat and Ipsos KMG, Kanal D was designated the "Most Popular TV Channel in 2012" with 32% of the votes. The survey was carried out in 22 categories and among 1,156 participants aged between 15 and 55 from 12 provinces.

## **Posta the most popular newspaper in 2012**

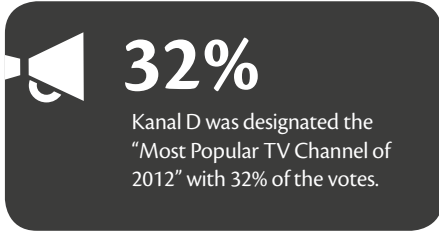
According to the joint MediaCat-Ipsos KMG survey, Turkey Lovemarks 2012, the newspaper Posta was elected the "Most Popular Newspaper of 2012."

## **Işıl Club the leader in customer satisfaction in Bodrum**

Işıl Club was designated the Turkish and Aegean leader in customer satisfaction in the 2011-2012 season by travel sites such as zoover.com, tripadvisor.com and vakantiereiswijzer.com. The Company also maintains its HACCP quality assurance certificates and Blue Flag awards as a result of its success in annual audits.

## **Milta Bodrum Marina maintains its success**

Milta Bodrum Marina holds a Blue Flag as well as five Golden Anchor Awards owing to its high standards and eco-friendly approach.



## **Corporate Partnership Award goes to CNN Türk**

Established 13 years ago through a partnership with the global media giant Turner Broadcasting, CNN Türk was granted American Turkish Society's Corporate Partnership Award, given to promote partnerships among American and Turkish companies. The American Turkish Society's corporate partnership award has thus confirmed the successful development of CNN Türk, Turkey's first TV channel established through an international partnership.

## **Doğan Organik Ürünler receives double awards at KSS Pazaryeri**

The theme of the fourth edition of the KSS Çözümleri Pazaryeri (CSS Solutions Marketplace) organized by Turkish Corporate Social Responsibility Association (TKSSD) was Management 2023 - Corporate Social Responsibility in the Centenary of the Republic. Doğan Organik Ürünler was granted the Corporate Citizenship award for the sustainable agriculture method implemented in Kelkit among a number of

# Our Shareholding Structure

In 2012, Doğan Holding continued to display a rising performance and remained immune to market fluctuations thanks to its robust capital structure, know-how and strong foresight.

Doğan Holding has adopted the registered capital system.

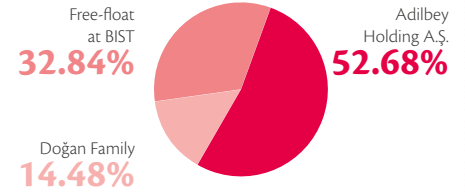
Doğan Holding's committed, registered and issued capital as of December 31, 2012 and December 31, 2011 are as follows:

	December 31, 2012 (TL thousand)	December 31, 2011 (TL thousand)
Registered capital ceiling	4,000,000	4,000,000
Issued capital	2,450,000	2,450,000

Doğan Holding has no privileged shares.

The Holding's shareholders and their equity stakes as of December 31, 2012 and December 31, 2011 are as follows:

Shareholder	Share %	December 31, 2012 (TL thousand)	Share %	December 31, 2011 (TL thousand)
Adilbey Holding A.Ş.	52.68	1,290,679	52.68	1,290,679
Doğan Family <sup>(1)</sup>	14.48	354,664	13.94	341,597
Free-float at BIST <sup>(2)</sup>	32.84	804,657	33.38	817,724
<b>Issued Capital</b>	<b>100.00</b>	<b>2,450,000</b>	<b>100.00</b>	<b>2,450,000</b>



(1) Doğan Family's share rose to 14.48% (TL 354,664) as a result of 13,067,534 share purchases at BIST, on the dates January 17, 2012, January 18, 2012, January 20, 2012, April 13, 2012, April 16, 2012 and April 30, 2012.

(2) In accordance with the Capital Markets Board's (CMB) Resolution no: 21/655 issued on July 23, 2010 and according to the records of the Central Registry Agency, as of December 31, 2012, 31.97% of Doğan Holding shares (December 31, 2011: 32.46%) are outstanding. Shares representing 34.29% of Doğan Holding's capital are publicly available.

# Message from the Honorary President

Doğan Group organizes social responsibility projects to support the education of young generations, who represent Turkey's future and contribute to the national economy and employment with our investments. In 2013, too, we shall put into practice sustainable projects with our competent management team and highly qualified workforce. I am thankful to all of stakeholders who stand by the Group at every step.

Esteemed Shareholders,

We see that the world economy has failed to bandage the wounds of the global economic crisis in the year 2012. Hopes about an economic recovery in world markets were further weakened as the Euro Zone slipped into recession in the third quarter of the year. Although developed countries try to restructure their economies and maintain fiscal sustainability, economic growth failed to gain the desired momentum since the decision-making leaders were unable to formulate durable solutions. The Chinese economy, which displayed high growth in past years, was also affected by the crisis and saw its economic growth decelerate. In the light of the macroeconomic data from last year, it would be accurate to say that recovery efforts by the world's economies are likely to continue throughout the year 2013.

Owing to a robust structure and determined fiscal policies, the Turkish economy was minimally affected by the global economic turmoil. After growing rapidly up until the last quarter of 2011, the Turkish economy slowed down slightly in 2012 due to the world wide recession. One pleasant development during 2012 was a decision by the international rating agency Fitch to upgrade our credit rating to "investment

grade." On the back of this upgrade, we expect to see an evident increase in foreign investment in Turkey. The falling unemployment figures and rising capital inflow were other favorable economic trends during last year. We hope to see continued improvement in the current account deficit which, despite significant contraction in 2012, remains a prominent problem for Turkey.

Composed of companies in different sectors, the Group made improvements in every area. During 2012, all companies under the roof of the Doğan Group implemented practices to boost productivity and managed to sharpen its competitive edge by a significant margin. The Group sustained its profitability thanks to a forward-looking perspective that accurately evaluates developments in Turkey and the global markets and its successful risk management policies. In the year ahead, we shall enhance our service quality and diversity across our brand portfolio and continue our consistent growth through lucrative investments and a robust financial structure.

We continually support the education of the younger generations, who represent Turkey's future with our social responsibility projects and contribute to the national economy and rising employment figures with our investments. In 2013, too, we will put into practice sustainable projects with our competent management team and highly qualified workforce. I am thankful to all of stakeholders who have stood by the Group with every step. Powered by the reliable, innovative and pioneering corporations within the Turkish economy, Doğan Group will continue to create value in its business lines.

Best regards,



**Aydın Doğan**  
Honorary President








# Message from the Chairperson

Knowing that corporate governance is among the essential factors that render corporate success durable, we continued to expend efforts in this area in 2012. As a result, Doğan Holding's Corporate Governance Rating was revised upward from 8.59 in 2011 to 9.03 in 2012.

Doğan Holding's Distinguished Investors, Shareholders, Business Partners and Employees,

In 2012, in the face of the global economic turmoil and general recession, Turkey preserved its stability and macro balances. The strong fiscal policies pursued by the Central Bank of Turkey helped Turkey remain strong despite the uncertainty that pushed the European economies into recession. There was a significant drop in the current account deficit as domestic demand was brought under control and foreign demand made an increasing contribution to growth. Furthermore, the improvements in employment figures, the rise of Turkey's credit rating to "investment grade" and increased capital inflows into the country were other developments that improved our credit worthiness in international markets. Although the Turkish growth rate fell to 2.2% last year due to global economic sluggishness, we consider this to be a success in comparison with the EU that continues to grapple with the effects of the fiscal crisis.

The world economy is showing recovery signals for the year 2013 and growth expectations are better than those for the previous year. In the same vein, the Medium Term Plan expects the Turkish economy to grow by 4% in 2013. The Group's expectation is for the Turkish economy to expand by 4.5%.

 **74%**  
Doğan Holding's market cap rose by 74% on a TL basis and its EBITDA by 46% in 2012.

Despite this sanguine picture, the Turkish economy may have to face certain problems in 2013, such as an aggravation of the recession in the Euro Zone, a slowdown in American economic growth, a hike in oil prices, political tension in the Middle East and an increase in the current account deficit. However, we believe that Turkey can overcome such possible fluctuations with a robust fiscal structure that helped it maintain equilibrium and stability during the worst turmoil of the global economy.

We at Doğan Holding expect 2013 to be a vibrant period where foreign capital inflows into Turkey will gear up, profitable investment opportunities will arise in various sectors and beneficial partnerships will be established.

Our Group capped 2012 with success, with high sales figures, increased ad revenue and potentially profitable investments. In the media, we applied innovative solutions across our news, information, communications and culture platforms and reached out to millions of people with rich and high quality content. We initiated investments in renewable energy and acquired wind power plants. Turkey's largest privately owned hydroelectric power plant, Boyabat, of which the Group is a partner, was commissioned. The construction of the Aslancık Dam is making rapid progress. In Northern Iraq, we discovered new oil reserves as a result of joint explorations with our partner company. As for retail, D&R not only expanded the number and total area of its stores, but also made significant breakthroughs in online media. In general, Group companies improved their performance despite market fluctuations, by capitalizing on the Group's robust capital structure, know-how and innovative vision. As a result, Doğan Holding's market capitalization rose by 74% on a TL basis; its EBITDA by 46% in 2012.

 **9.03**  
Doğan Holding's Corporate Governance Rating was revised upwards from 8.59 in 2011 to 9.03 in 2012.

Knowing that corporate governance is among the essential factors that render corporate success durable, we continued to expend efforts in this area in 2012. As a result of this endeavor, Doğan Holding's Corporate Governance Rating was revised upwards from 8.59 in 2011 to 9.03 in 2012, out of a possible 10. Likewise, Doğan Yayın Holding's Corporate Governance Rating went up from 8.87 to 9.00.

In 2012, we also received important national and international awards that made us proud. Celebrating the 13th anniversary of its establishment through a partnership with the global media giant Turner, CNN Türk was granted the New York-based American Turkish Society's American Turkish Society Award, given each year to promote partnerships among American and Turkish companies.

The Turkish Corporate Social Responsibility Association (TKSSD) granted Doğan Organik Ürünler its nationwide Corporate Citizenship award for adding value to the Kelkit region through the sustainable agriculture model. The same project was also deemed worthy of the Jury's Second Prize granted by a selection committee of experts from CSR Europe, UNDP and international CSS specialists.



The Group's Aydın Doğan Foundation continued its award programs designed to encourage artists and youth to uphold freedom of expression as it contributes to the making of a modern future with its top notch schools. The Group raised public awareness on domestic violence through a comprehensive campaign and expended intense efforts in support equal educational opportunities for girls.

Doğan Holding will continue to make further progress in 2013 toward a better future. We will keep abreast of innovation and will pioneer changes. We will undertake investments that contribute to the socio-economic development of Turkey and the region and increase our share of development in these areas. We will continue to make new achievements with our strong brands and take advantage of the best opportunities in new business lines.

In the media, our modern, impartial and reliable broadcasts and publications will reach out to infinitely more people through the latest technology. Additionally, we will increase our installed capacities in energy and we will expand our online and offline service network in retail, while continuing our productivity and quality-focused good management practices.

In line with these targets, we made an energetic start to the new year together with our employees and are keen on bringing about change and development. Doğan Holding will go from strength to strength in 2013, with a strong management team, creative, dynamic and skilled workforce, supportive investors, as well as customers, who make our services and products an integral part of their lives.

We are wholeheartedly thankful to all of our shareholders for their support.

Best regards,



**Begümhan Doğan Faralyalı**  
Chairperson



# Message from the CEO

Doğan Holding continued to grow with investments in new business segments and expanded its current operations in 2012.

Esteemed Stakeholders,

The year 2012 went down in world economic history as a period in which the repercussions of the 2008 crisis continued, the economic recession in the Euro Zone was ongoing and growth in developing economies lost significant steam. Even as world economies suffered such a recession and slowdown, Turkey did not see its macroeconomic deteriorate significantly as a result of consistent fiscal discipline. After standing out with its high growth performance in previous years, the Turkish economy capped 2012 with relatively weaker growth at 2.2%. Measures to curb the current account deficit had an undeniable effect on this deceleration of growth. Fiscal policies brought domestic demand under control and led to an increase in the weight of foreign demand in growth, thus cutting the current account deficit by a significant margin. As such, the current account deficit fell from nearly 10% of national income in 2011 to 6% in 2012.

Turkey came to enjoy even more self-confidence as the international credit rating agency Fitch Ratings upgraded Turkey's credit rating to investment grade in 2012. In 2013 another credit rating agency, S&P, boosted this self-confidence by upgrading Turkey to BB+.

Doğan Holding continued to grow with investments in new business segments and expanded its current operations in 2012. As a result of these developments, our consolidated revenue rose by 10% over the previous year to TL 3.2 billion and EBITDA by 46% to TL 326 million.

## Operations in the Media Sector

In the year 2012, the Turkish ad market grew by 7.4% over 2011 to reach TL 5 billion. As in previous years, television took the highest share of the overall ad market with 51%, becoming the favorite investment medium for advertisers. Print media, composed of newspapers and magazines, accounted for 23% of the overall ad market.

In 2012, the TV ad market grew by 7.2%, whereas the newspaper ad market contracted by 0.7%. The online ad market grew by 24.1% in 2012, bringing its share in the overall ad market to 15%; whereas the outdoor advertisements grew by 6.5% during the year to reach a share of 8% in the overall ad market. At the Doğan Group, we kept a close watch on the market dynamics in the advertising market and devised new strategies to expand our ad revenues in 2013. Thanks to higher revenues and a strengthening capital structure, the foreign currency credit rating of Doğan Yayın Holding and Hürriyet were confirmed by the international credit rating agency Fitch Ratings as B+ and the outlook was upgraded from "stable" to "positive" in November 2012. Successful corporate governance practices allowed Doğan Yayın Holding to raise its Corporate Governance Rating from 8.87 to 9.00.

The Holding will likewise reinforce its strong, reliable and consistent position in broadcasting and publishing and at the same time make the best of new domestic and international investment and partnership opportunities in 2013.

## Operations in the Energy Sector

In 2012, the Holding diversified its investments in the energy sector, its second core business and undertook new investments in this field. In this regard, the Holding added to its portfolio Şah WEPP with an installed capacity of 93 MW and Mersin RES WEPP with an installed capacity of 33 MW in June and started work on expanding the capacities of both facilities. We upgraded Mersin WEPP's installed capacity to 42 MW in early 2013 and plan to raise Şah WEPP's installed capacity to 105 MW during the year.

Boyabat Dam and the HEPP project, in which the Holding has a 33% stake, is Turkey's largest privately-owned dam; its construction has been completed. The dam was commissioned in 2012 and as of December, the Boyabat project has embarked upon

full capacity energy production with an installed capacity of 513 MW. Another energy investment in which the Holding has a 33% stake is the Aslançık Project planned to be commissioned in the third quarter of 2013.

Since 2009, the Company has held a petroleum exploration and extraction license in Northern Iraq via Gas Plus Erbil, in which it has a 20% net stake. In this scope, the Company continued test production at the Bastora oil field in 2012. With the Field Development Plan approved in February, the Company drilled a development well and carried out engineering work on surface facilities. As a result of these efforts, the drilling work at the development well was completed in December and additional petroleum reserves were discovered. In parallel, there was a significant rise in production reserves. In 2013, two development wells will be drilled and engineering, procurement, construction and installation work at the surface facilities in the Benenan and Bastora oil fields are planned to be completed.

In the energy sector, aside from electricity generation and trade and petroleum exploration and extraction, Doğan Group also aims to branch out into electricity distribution and fuel oil distribution to expand its portfolio. In 2013, the Group will maintain a close watch in investment opportunities in this field, while boosting the productivity of its current facilities.

## Operations in the Industry, Retail and Tourism Sectors

By far the leading domestic manufacturer of steel wire ropes, mechanical spring wire and concrete strand, Çelik Halat reached its highest ever sales figures in all products except bead wire. Çelik Halat is active in the world markets and exports its goods to 37 nations. With its know-how and robust brandname, the Company will further strengthen its leadership during 2013 with high quality products and services.



Ditaş, a manufacturer of steering and suspension system parts for the automotive sector, is Turkey's largest producer of original equipment and spare parts. Despite a 10% contraction in the commercial vehicle original equipment (OEM) market, the Company capped 2012 with revenues of TL 52 million. Producing for OEM companies since 1978, the Company controls a 70% market share in the heavy vehicle segment and 12.5% market share in the light vehicle segment in this sector. Doğan Organik Ürünler A.Ş. produces around 85% of all organic raw milk in Turkey and organizes the entire market for "private label" organic dairy products in the country's largest nationwide supermarkets. In addition, beyond its role as commercial enterprise, the Company was also deemed worthy of numerous domestic and international awards for its development model based on sustainable agriculture and social responsibility activities.

As for the retail sector, D&R maintained its leadership in entertainment and culture products in 2012; it increased the total number of its stores to 125 with the addition of 16 new stores. Keeping a close watch on the e-commerce market, the Company has undertaken ambitious investments to reinforce its standing in this field. In the tourism sector, innovations and improvements carried out during the year allowed Milta Bodrum Marina and Işıl Club Bodrum to preserve their superior service quality in 2012. Işıl Club was designated the best of its class in Turkey and the Aegean region by leading international travel satisfaction sites such as zoover.com, tripadvisor.com and vakantiereiswijzer.com as a result of increased customer satisfaction levels in the 2011-2012 season. We shall continue with our practices designed to boost customer satisfaction, while seeking new investment opportunities and partnership alternatives in the tourism sector in 2013.

I would like to take this opportunity to state that the Holding operated with immense sacrifice and diligence in numerous areas during 2012 and I want to emphasize that we will continue to lead with innovations and add value to society with our social responsibility approach in 2013. I hereby extend my most sincere gratitude to our employees, shareholders, investors, business partners, suppliers and other social stakeholders for their contributions to our achievements.

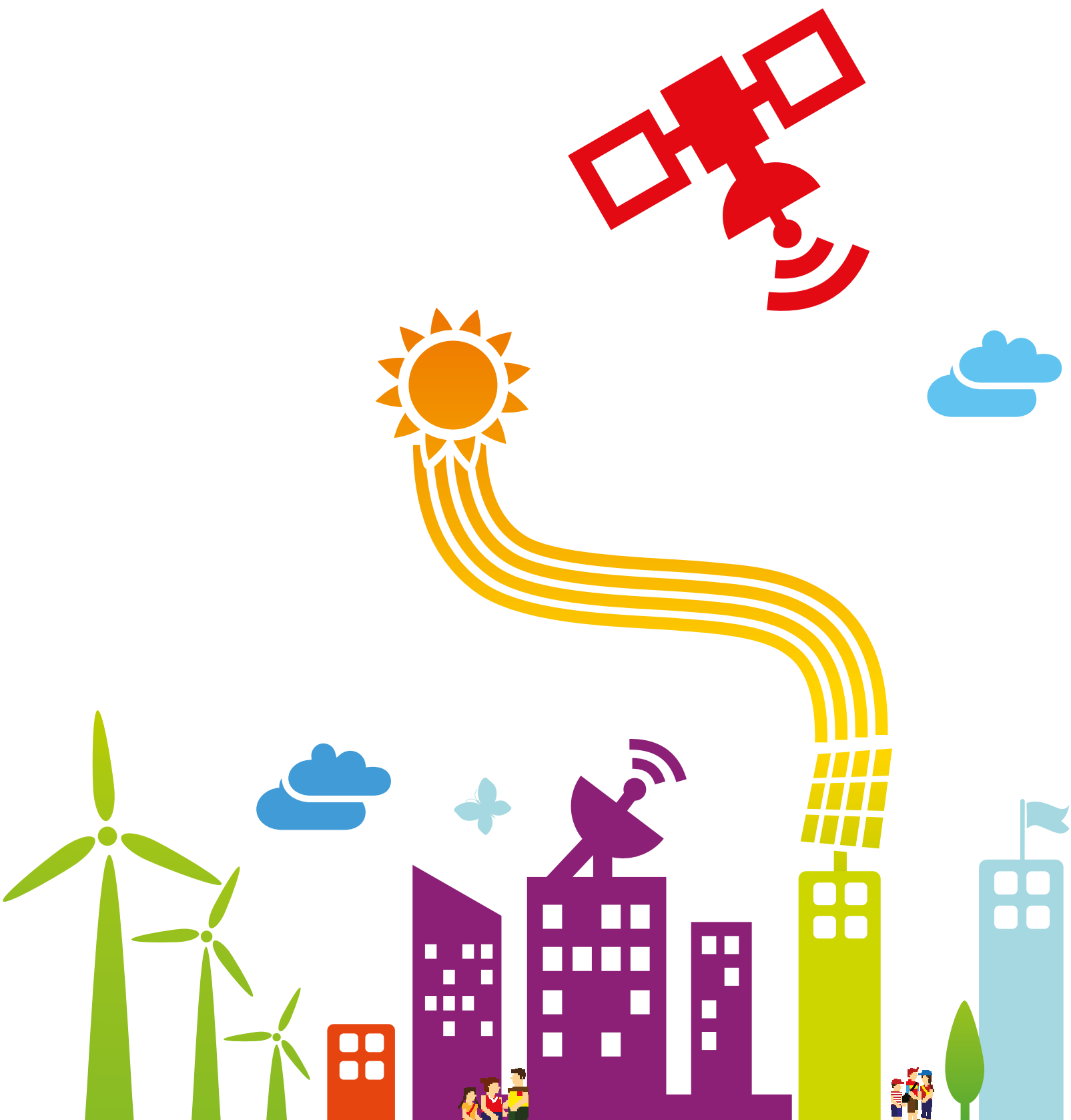
Best regards,



**Yahya Üzdiyen**  
CEO



# Investments



Today Doğan Group has operations in the media, energy and retail sectors, as well as industry, real estate marketing, tourism and financial services.



# Highlights of 2012

Doğan Yayın Holding (DYH) is active in a wide range of fields including newspaper, magazine and book publishing, television and radio broadcasting and production, as well as the Internet, digital world, print and distribution.

## The Media

One of Doğan Holding's core business and investment areas is the media sector, in which Doğan Yayın Holding A.Ş. (DYH) has been active since 1997. Having translated its innovative, entrepreneurial, dynamic and transparent management philosophy into its media investments, Doğan Holding's target for this sector is to maintain its leadership and expand its achievements to international platforms.

Doğan Yayın Holding (DYH) is active in a wide range of fields including newspaper, magazine and book publishing, television and radio broadcasting and production, as well as the Internet, digital world, print and distribution. Content providers of the Group include newspapers, magazines, publishing houses, television channels, radio stations, as well as music and production companies. The Group's service providers are made up of distribution, production, digital platform, news agency, Internet and printing companies, as well as a factoring company.

Many companies operating under the umbrella of Doğan Yayın Holding create a difference in their respective sectors and lead the competition thanks to the know-how and synergy of the Holding. This success is largely due to Doğan Yayın Holding companies' key principles such as consolidating resources and optimum integration.

Doğan Yayın Holding, Hürriyet, Doğan Gazetecilik and Doğan Burda shares are traded on the Borsa İstanbul A.Ş. (BİST).

### Operations in 2012

As for DYH's financial performance in 2012, the Company brought its consolidated revenue up by 10%, from TL 2,870 million in 2011 to TL 3,157 million in 2012. Publishing accounts for 55% of DYH's consolidated revenue; broadcasting accounts for 42% and other operations for 3%. In 2012, consolidated advertising revenue at TL 1,291 million remained intact with the previous year figure. Circulation and printing revenues increased by 3% in 2012 to reach TL 349 million; although circulation figures dropped, it was compensated with a rise in sales prices and printing revenues.

Previously broadcasting revenue consisted mainly of advertising revenue, after Smile ADSL subscription revenue was placed under the category of "Other Revenue," the overall weight of subscription revenue in this segment increased. As a result of a rise in digital platform and ADSL subscription revenue and of sales to Star TV, "Other Revenue" category under the Broadcasting section went up by 60% to reach TL 465 million in 2012.

In 2012, EBITDA grew by 29% over the previous year to TL 324 million. In 2011, owing to a controversial tax liability and increased tax basis, the Company had "Net Expenses from Other Operations" of TL 1,088 million. In 2012, however, TL 143 million in sales profit arising from the sale of the Hürriyet building and plot of land on February 1, 2012 as well as TL 46 million received as the indemnity for the dissolution of the Turner share option contract, brought the "Net Income from Other Operations" to TL 169 million. In addition, due to the drop in foreign exchange losses, the Company posted Net Financial Income of TL 2 million – instead of last year's TL 299 million in Net Financial Expenses. In 2011 the net loss for the period was TL 1,194 million, whereas in 2012 there was a net profit of TL 197 million thanks to positive operating income and net financial income.





The shareholding structure of Doğan Yayın Holding A.Ş. as of December 31, 2012 was:

	Share Value (TL thousand)	Share (%)
Doğan Şirketler Grubu Holding A.Ş.	1,511,829	75.59
Doğan Family	46,183	2.31
Adilbey Holding A.Ş. <sup>1</sup>	3,000	0.15
Shares traded at BIST and other shareholders	438,988	21.95
<b>Total</b>	<b>2,000,000</b>	<b>100</b>

(1) Doğan Yayın Holding's 3,000,000 (full) shares with "open status" and each with a price of TRY 1, were sold by the parent company Doğan Holding to Adilbey Holding A.Ş. on February 20, 2013, at the weighted price formed in the first session of the Stock Exchange, within the margins outlined in Borsa Istanbul's "Regulation on the Establishment and Functioning of the Wholesales Market." Each share was purchased at TRY 0.86 in cash, outside of Borsa Istanbul. As a result of the said transaction, announced to the Public Disclosure Platform on February 20, 2013, Doğan Holding's stake in Doğan Yayın Holding became 75.74%.

Doğan Yayın Holding A.Ş. (TL million)	2012	2011
Total Assets	3,937	4,691
Shareholders' Equity (of the Parent Company)	932	653
Total Sales	2,526	2,338
EBITDA*	324	251
Net Profit /(Loss)	197	(1,194)

\* Earnings Before Interest Taxes, Depreciation and Amortization calculated by DYH; (Income and expenses from other operations not included).



# Publishing

The newspapers Hürriyet, Posta, Radikal, Fanatik and Hürriyet Daily News are published under the roof of DYH. Posta has remained the best-selling newspaper in Turkey in 2012.

## The Media

### Newspaper Publishing

When the circulation figures of all of its newspapers are combined, Doğan Yayın Holding had a market share of 23% in the year 2012 and remained the industry leader with its modern approach to newspaper publishing.

The newspapers Hürriyet, Posta, Radikal, Fanatik and Hürriyet Daily News are published under the roof of DYH. Posta remained the best-selling newspaper in Turkey in 2012. Another newspaper of the Holding, Hürriyet is one of the nation's strongest and most reliable brands.

#### Hürriyet

Hürriyet brings together a wide range of opinions underlying its dynamic, transparent, consistent and reliable approach to journalism. Hürriyet has always been the representative of free and independent journalism in the Turkish press. Since its inception in 1948, the newspaper has been a pioneer for popular newspaper publishing and accurate journalism and continues to increase its brand value day by day with its principled stance.

In 2012, the daily average circulation of Hürriyet stood at 411,000. The newspaper closed the year with an 8.7% market share.

In 2012, one of the most important developments for Hürriyet Gazetecilik ve Matbaacılık A.Ş. was the decision by the international credit rating agency to confirm the Company's local and foreign currency credit rating as "B+" and upgrade its outlook from "stable" to "positive". Additionally, the Company's domestic long-term credit rating was confirmed as "A (tur)".

#### Posta

The Posta newspaper has reached out to a vast audience from all walks of life since its establishment in 1995. Posta's authentic, dynamic journalism philosophy is the main reason underlying the fact that it is Turkey's most-read newspaper.

The average daily circulation of the Posta newspaper in 2012 was 453,000. As a result, Posta remained Turkey's best-selling newspaper in 2012.

#### Radikal

Breathing new life into Turkish journalism, Radikal offers independent, high quality content to a sophisticated and inquisitive readership interested in world affairs. The newspaper stands out with its authentic international news stories and comments that create buzz. It also boasts a rich content in domestic affairs and culture and the arts.

#### Fanatik

Since its inception in 1995, Fanatik has presented high quality sports stories that are closely followed by sports enthusiasts of all ages. The newspaper capped the year 2011 with a net average daily sales figure of 190,000 and increased this number to 192,000 in 2012.





### Hürriyet Daily News

Turkey's oldest newspaper in English, Hürriyet Daily News was launched 50 years ago to fill an important gap in the Turkish media. The newspaper has become the primary source of local news for expatriates, in every field from domestic politics to culture and the arts.

### TME Newspapers

#### Iz Ruk v Ruki

The title, Iz Ruk v Ruki, translates as "from-hand-to-hand" is a daily classified ad paper for real estate, vehicles, career and other service areas. Since 1992, it has ranked among the leading brands in the Russian and Eastern European markets. Using a widespread distribution network covering 100 cities in Russia, Iz Ruk v Ruki is also published in Belarus and Kazakhstan. As of December 2012, the newspaper's total monthly circulation averaged more than four million copies.

### Aviso

First published in 1991, Aviso is a daily classified newspaper published in the Ukraine addressing real estate, vehicles, jobs and other service areas; it has a monthly circulation average of approximately 300,000.

### Expressz

A classified ad publisher founded in 1984, Expressz has the highest brand recognition and prestige in Hungary with its daily papers and magazines, especially with regards to automotive, commercial vehicle and real estate ads. Expressz magazine holds a leading position in the Hungarian classified ads market. Expressz newspapers and magazines reach about 85,000 individuals across Hungary every month.

### Oglasnik

Founded in 1989 in Zagreb, Oglasnik is one of Croatia's most important classified advertising publishers. This group incorporates three weekly publications that list about 250,000 ads that reach approximately 125,000 individuals each month.





# Publishing

Enjoying the leadership position in the world of literature, Doğan Kitap has earned a successful reputation, as shown by its books that have topped best-seller lists and high sales figures.

## The Media



## Magazine and Book Publishing

### Doğan Burda Magazine

Turkey's leading organization for magazine publishing, Doğan Burda Magazine was established in July 2005. The Company currently publishes 27 different titles; four weekly, 21 monthly and two special-edition magazines, each offering colorful and high quality contents.

In 2012, Popular Science, already published in five languages and in nine countries, was launched in Turkey to breathe new life to the magazine market.

### Doğan Egmont

Launched in 1996 to translate into practice the philosophy that 'reading is the future,' Doğan Egmont is a leading publisher of magazines and books for children aged 0-14. The Company currently has more than 1,000 books and 23 magazines in its vast portfolio spanning entertainment, education and social values.

### Doğan Kitap

Active since 1999, Doğan Kitap publishes the select works of world literature in Turkish simultaneously with their international editions. Doğan Kitap has a successful profile as shown by the books it publishes that top best-seller lists and high sales figures.



## Printing and Distribution

### Printing

#### Doğan Printing Center

The largest printing facility in Turkey in terms of its advanced technology, production techniques, machinery park and production volume, Doğan Printing Center (DPC) is well-known throughout the global newspaper industry. The Company has six print facilities in Turkey and one in Germany. DPC prints the newspapers, weekly and monthly magazines of the Doğan Yayın Holding as well as non-Group magazines and their supplements.

#### Doğan Ofset

With a high printing capacity, Doğan Ofset is a key player not only in Turkey, but also across the Middle East and the Balkans. The Company prints magazines, supplements, brochures and inserts, providing top-notch services with a quality focus approach, new machinery park, customized solutions and efficient distribution network.

### Distribution

#### Doğan Dağıtım

This Company is responsible for the country-wide distribution of 23 national and 11 regional newspapers; 9 daily, 25 weekly, four bi-weekly, 127 monthly, 219 bi-monthly and several other periodical domestic magazines and 589 foreign publications. Doğan Dağıtım is the widest-reaching media distribution network in Turkey, delivering this vast range of publications to every corner of Turkey.

#### DPP

This Company distributes magazines published by Group companies as well as foreign publications; it has the right combination of location, timing and quantity.

## News Agency

#### Doğan Haber Ajansı (DHA)

Taking over the baton from news agencies Mil-Ha and Hürriyet News Agency, DHA was established in 1999 within the Doğan Group. It is a specialized news agency that meets the needs of Group publications as well as the entire Turkish media. It has a team of experienced correspondents and news photographers.



# Broadcasting

In 2012, CNN Türk was deemed worthy of the Corporate Partnership Award given by the American Turkish Society as a symbol of successful partnerships between American and Turkish companies.

## The Media

### Television, Radio Broadcasting and Production

Brands such as Kanal D and CNN Türk, known for their authentic, independent and high quality journalism, work under the umbrella of DYH. As for radio broadcasting, the Holding boasts leading radio channels Radyo D, CNN Türk Radyo and Slow Türk Radyo, appealing to wide masses with their rich content and professional teams.

#### National Channels

##### Kanal D

Kanal D is the leader of its sector with its dynamic, creative and innovative approach, as well as its rich content. According to all-year average SBT data, Kanal D is the most-viewed TV channel in Turkey with an average audience share of 16.65% among prime time viewers and 12.66% among all daytime viewers.

##### CNN Türk

Established as a joint-venture between Doğan Yayın Holding and Time Warner in 1999, CNN Türk broke ground by becoming Turkey's first television channel established through an international partnership. In addition to this successful partnership, CNN Türk is also the first national CNN channel managed outside of Atlanta. The channel broadcasts 24/7 with an impartial, reliable and objective journalistic perspective.

CNN Türk keeps abreast of the technological advancements in its sector and immediately translates these into practice. CNN Türk's live presentations, program content and newsbreaks can be viewed anytime, anywhere via iPad, iPhone, Samsung, Nokia Ovi android and Blackberry applications.

In 2012, CNN Türk, was granted American Turkish Society's Corporate Partnership Award, as a symbol of successful partnerships among American and Turkish companies. It ranked first among all news channels during the last quarter of 2012, when TNS started publishing TV ratings, in the category "AB Target Audience- All-Day."

##### tv2

Launched with the slogan "My Channel" on August 18, 2012, tv2 gained a large audience from all age groups even before its first anniversary. Boasting a rich range of content, tv2 has positioned itself as an entertainment channel that broadcasts popular foreign series, domestic productions, entertainment programs, animations and thematic films.

#### TV Ratings (%)

	SBT (January 1 – December 31, 2012)		TNS (September 17 – December 31, 2012)	
	Prime-Time	All-Day	Prime-Time	All-Day
Kanal D	16.65	12.66	14.58	11.69

Source: SBT (January 1 – December 31, 2012) and TNS (September 17 – December 31, 2012) Prime Time (All Viewers) and All-Day (All Viewers)

(\*) After the Television Monitoring and Research Committee (TİAK) cancelled its rating measurement service contract with NAM A.Ş. (AGB Nielsen) on December 20, 2011, TNS A.Ş. started offering this service. On September 17, 2012, TNS began publishing its first industry data. SBT is a research company conducting the Television Rating Measurement (TAM) survey.







## Radio Broadcasting

### Radyo D

Among Turkey's first national radio channels to operate with a national broadcasting license, Radyo D has been active since 1996. Airing Turkish pop music at world class standards via fully-digital systems, Radyo D appeals to the radio audience with well-experienced DJs keeping a close watch on music charts.

### Slow Türk

Established in 2005 to offer the best love songs to Turkish listeners round-the-clock, Slow Türk has quickly become one of the most-popular radio channels in Turkey with the slogan "Frequency of Love."

### CNN Türk Radyo

Aired on frequency 92.5, CNN Türk Radyo is a joint venture between Doğan Yayın Holding and Time Warner. CNN Türk Radyo broadcasts the TV channel CNN Türk's news programs live to the radio audience with top quality journalism.



## TV and Music Broadcasting

### D Productions

D Productions is one of Turkey's most prominent production companies. It was established under the name ANS International in 1992 and joined the Doğan TV Holding family in 1998. Since 2005, the Company has continued to operate as D Yapım Reklamcılık ve Dağıtım A.Ş. It produces series, programs, movies and advertising and provides movie distribution services.

### InDHouse

The Holding's other series and program production company is InDHouse; its programs include the competition show "Ben Bilmem Eşim Bilir" [My Spouse Knows Best], drawing the entire nation in front of the television and "Doktorum" [My MD], one of the highest quality programs in the morning hours.

### Kanal D Home Video

With its innovative structure, D Productions blends quality and diversity with the brand Kanal D Home Video for viewing audiences.

### Doğan Music Company (DMC)

Founded in 2000, DMC is known as a producer of popular hit songs and is the leader of the music industry with around 20% market share.



# Broadcasting

Standing out with its innovative investments, D-Smart introduced to the market D-Smart BLU.

## The Media



## Digital TV Platform

### D-Smart

Active within Doğan TV Holding since 2007 as a digital platform, D-Smart continues to grow through investments in areas of intersection between Internet and digital broadcasting technologies.

D-Smart offers a very rich content including special thematic channels and 32 HD channels, all national channels, over 300 national and foreign channels transmitted on the Turksat satellite to more than two million D-Smart users daily. Turning TV viewing into a real pleasure, D-Smart has created a difference in digital platform services with exclusive Internet campaigns.

Standing out with innovative investments, D-Smart united with the Internet operator Smile in 2010 to provide an entertainment platform combining Internet and TV offering to the consumers. Furthermore, thanks to the D-Smart Blu launched in 2012, TV viewers can now access any content anytime, without having to follow the broadcast stream.

### Doğan Teleshopping

Offering consumers the chance to shop via TV broadcasts and over the Internet, Doğan Teleshopping is a distance sales company active since 2007. The Company launched the D Shopping channel to enable viewers to shop 24/7 without leaving the comfort of their homes. D Shopping offers a full range of products, including electronics, kitchenware, healthy nutrition, beauty products and leisure activities. Furthermore, the channel's very popular program "Her Eve Lazım" [A Must for Every Home] offers useful products designed to add comfort to daily life.

## Operations Abroad

### Doğan Medya International

Doğan Media International was founded in 1999 to conduct DYH's European operations and now prints 23 periodical titles published on four continents in eight languages, Hürriyet in particular. Aside from Hürriyet, the plant prints daily international business papers such as The Wall Street Journal Europe, German and other national editions of The Financial Times, the American publication Stars&Stripes, regional editions of Germany's best-selling newspaper Bild, the leading German equestrian sports paper Sportwelt, as well as the Arabic publications Al-Ahram and Asharq Al-Awsat. Other periodic publications include Poland's Info&Tips, China Daily and the People's Daily from China, Korea's Urishinmun, Macedonia's Vecer, the Rheinland-Pfalz region's Rhein Hunsrück, as well as The Security Times and New Europe - two important publications highly regarded by opinion leaders. Together with these titles, the total number of the papers printed comes to 300,000 units per day.



# Other Operations

Euro D has been much acclaimed by a large Turkish audience due to its vast range of programs, with a colorful schedule ranging from news programs to entertainment and health programs to magazine.



## TME

TME is a classified advertising publisher with daily and weekly newspapers, magazines and websites, notably in the fields of real estate, automotive, career and human resources.

## Kanal D Romania

Kanal D Romania launched its activities in Romania on February 18, 2007 with a national broadcasting license and quickly became one of the most-watched TV channels in the country. According to all-day viewing rates as of end-2012, Kanal D ranks third among urban viewers age 18 to 49.

## Euro D

Euro D was founded in 1996 to bring the latest news from Turkey to Turkish expatriates in Europe. Euro D has been acclaimed by a large Turkish audience in Europe due to its vast range of programs, with a colorful schedule ranging from news programs to entertainment and health programs to magazine.

## Other Operations

### Doğan Dış Ticaret

Doğan Dış Ticaret is primarily involved with newsprint and printing material imports.

### Doğan Factoring

Doğan Faktoring plays a key role in eliminating possible customer payment problems as a result of large-scale risk analyses into commercial receivables; it adds significant value to DYH.

## Online Services

With news websites and various portals appealing to the wide audiences, DYH is among the sector's leaders in Internet advertising. According to Comscore data for 2012, Hürriyet Group ranked in the list of the top ten most-visited websites during the year. The websites [www.hurriyet.com.tr](http://www.hurriyet.com.tr), [www.kanald.com.tr](http://www.kanald.com.tr), [www.yenibiris.com](http://www.yenibiris.com), [www.hurriyetemlak.com](http://www.hurriyetemlak.com), [www.hurriyetoto.com](http://www.hurriyetoto.com), [www.arabam.com](http://www.arabam.com) and [yakala.co](http://yakala.co) became among the most-visited websites within their categories.

# Doğan Enerji

Started operating at full capacity, the Boyabat Dam and HEPP project is among the largest privately owned Turkish power plants and has an installed capacity of 513 MW. This investment by Doğan Enerji will make a significant contribution to decreasing Turkey's dependence on foreign energy.

## Energy



Active in the energy sector since 2000, Doğan Holding closely monitors investment opportunities in Turkey and neighboring nations. Considering energy investments as its core business line, Doğan Holding focuses on fuel oil and LPG distribution, oil exploration and production and power generation and distribution investments.

Doğan Holding managed its fuel oil and LPG distribution activities under Petrol Ofisi from 2000 until 2010. In accordance with the decision to divest its stake in Petrol Ofisi at the end of 2010, the Holding focused its attention on renewable energy generation and distribution.

Doğan Enerji was incorporated to engage in the production, transmission, distribution, domestic and international as well as wholesale and retail trading of energy supplied from any source.

Doğan Enerji owns 33% of Boyabat Elektrik Üretim ve Ticaret Anonim Şirketi. The construction of the Boyabat Dam and the HEPP project, for which an electricity generation license was obtained from the Energy Market Regulatory Authority of Turkey (EMRA) on November 13, 2007, was completed

in December 2012. Having started to operate at full capacity, Boyabat Dam and HEPP project is among the largest privately owned Turkish power plants with an installed capacity of 513 MW. The Boyabat project is expected to generate 1.5 billion kWh of energy per annum. This investment by Doğan Enerji will make a significant contribution to decreasing Turkey's dependence on foreign energy.

With an installed capacity of 120 MW, the Aslancık Dam and HEPP project is situated on the Harşit Brook within the borders of the districts of Doğanekent and Tirebolu, in the province of Giresun, in the Eastern Black Sea Region. Owned 25% by Doğan Holding and 8.33% by Doğan Enerji, Aslancık Elektrik Üretim A.Ş. received an electricity generation license from the Energy Market Regulatory Authority of Turkey (EMRA) on March 20, 2008. The project is currently under construction and is scheduled to be commissioned in the second half of 2013. Once complete, the plant is expected to generate around 418 million kWh electricity per year.

Via its 99.99% owned subsidiary Nakkaştepe Elektrik Üretim ve Yatırımları San. Tic. A.Ş.,

Doğan Enerji added Şah WEPP (Galata Wind Enerji A.Ş.) with an installed capacity of 93 MW to its portfolio as well as Mersin WEPP (Akdeniz Elektrik Üretim A.Ş.) with an installed capacity of 33 MW in June 2012. There is ongoing work to expand the capacities of these two plants. Mersin WEPP's installed capacity was increased to 42 MW in February 2013 and Şah WEPP's installed capacity is planned to be increased to 105 MW by mid-2013.

Through its joint venture company Gas Plus Erbil, the Company runs petroleum exploration and extraction operations in Northern Iraq with a 20% net stake. In this scope, the Company continued test production at the Bastora oil field in 2012. Upon the approval of the Field Development Plan in February, the Company drilled a development well and carried out engineering work on surface facilities. As a result of these efforts, the drilling work at the development well was completed in December and additional petroleum reserves were discovered. In parallel, there was a rise in production reserves. In 2013, two development wells will be drilled and engineering, procurement, construction and installation work at the surface facilities in the Benenan and Bastora oil fields are planned to be completed.







# D&R

D&R stores are visited by a monthly average of 2.4 million people, whereas the online store draws 800,000 unique visitors per month.

## Retail



Doğan Holding continues to expand its retail operations by investing in D&R, which offers a wide range of services in leisure and culture merchandising. The Holding maintains a close watch on developments in the retail industry and seizes new investment opportunities.

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

Established under the umbrella of Doğan Yayın Holding in November 1996, Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. (D&R) inaugurated its first store in May 1997 in the Erenköy district. As of end-2012, D&R boasted 125 stores in 26 Turkish provinces offering over 150,000 different products, as the market leader in leisure and culture merchandising. D&R stores are situated in prominent shopping malls in their cities. Doğan Holding plans to expand D&R further by inaugurating new stores.

On January 16, 2012, Doğan Yayın Holding A.Ş. sold its 49,999,996 D&R shares with a nominal value of 1 TL each, representing 99.99% of D&R's total capital of TL 50 million, to Doğan Holding with a lump sum cash payment of TL 139 million, which corresponds to the average of two appraisals by different independent appraisal companies. As this was considered to be a transaction under the control of the parent company, the resulting TL 108 million in profits was placed under shareholders' equity.

The products on offer at D&R stores range from books to music, movies to electronics, games to hobbies, souvenirs to stationery. The Company also contributes to social development with reading areas in its stores and the traditional signature days. D&R stores are visited monthly by an average of 2.4 million people; the online store draws 800,000 unique visitors per month.

In 2012, the number of stores reached 125 and total sales area to 48,107 square meters. The Company also founded D&R Kids in 2012, Turkey's first culture and leisure store for the 0-12 age group.

Another improvement carried out in 2012 concerns the rapidly changing e-commerce industry. With a view to strengthening D&R stores' position in the e-commerce market, the organizational structure was reinforced and important technical infrastructure investments were completed. The corporate website at [www.dr.com.tr](http://www.dr.com.tr) was renewed to make it more user-friendly, yielding a significant rise in sales volume.

Carrying out activities with social responsibility awareness, the Company donated books to schools, prisons and municipalities. In this scope, approximately 3,000 books were donated during 2012. D&R supports organizations such as LÖSEV, TOÇEV and UNICEF by marketing their products in its stores.

# Çelik Halat

Çelik Halat is the market leader in industrial spring wires, concrete strand and steel wire rope manufacturing.

## Industry



### Çelik Halat ve Tel Sanayi A.Ş. Shareholding Structure

	Share in Capital (TL)	Share (%)
Doğan Şirketler Grubu Holding A.Ş.	12,983,789	78.69
Free float at BIST and other shareholders	3,516,211	21.31
<b>Total</b>	<b>16,500,000</b>	<b>100.00</b>

### Çelik Halat ve Tel Sanayi A.Ş. Key Indicators

(TL million)	2012	2011
Total Assets	73.1	92.2
Shareholders' Equity	30.1	29.7
Total Sales	121.1	125.4
EBITDA*	5.6	8.2
Net Profit/(Loss)	0.4	(2.8)

\* EBITDA excludes Other Operating Income/(Expenses).

Established in 1962, Çelik Halat ve Tel Sanayi A.Ş. (Çelik Halat) is one of Doğan Holding's deepest-rooted industrial investments. The Company started manufacturing steel ropes six years after its establishment and is currently the leader of its sector thanks to the know-how, institutionalization, sales volume and brand power arising from its first-mover advantage. Today, the Company manufactures steel wire ropes, industrial galvanized wires, industrial spring wires, bead wires and concrete strand. Çelik Halat serves many sectors, from auto parts and white goods replacement parts to telecommunications and energy.

Also very active in global markets, Çelik Halat continuously improves its export performance. The Company not only reinforces its position in its current markets by offering superior products and services, but also steps into new markets.

In 2012, the Company's sales figure reached TL 121 million and sustained its gross profit margin of 11.5%. In 2012, the Company reached its highest-ever sales volumes in all products except bead wire. The Company is the leader in the domestic industry in products such as wire strand, industrial spring wire and concrete strand. Çelik Halat sustains its market leadership position by expanding the wedge between itself and its rivals. In 2012, the Company enjoyed a 37% market share in steel wire ropes, 38% share in industrial galvanized spring wire, 40% share in bead wire and 63% share in pre-stressed concrete strand.

Çelik Halat continued the innovation, capacity increase and quality improvement drive initiated in 2003 by mobilizing its in-house resources. During the year, the Company improved its competitive edge by implementing strategies to boost productivity. The Company significantly expanded the scope of receivables covered with collaterals and further decreased collection risk.



# DİTAŞ

Over 30 years of experience, a well-trained workforce, state-of-the-art engineering systems, integrated facilities and brand reliability are the main factors reinforcing DİTAŞ's competitive edge.

## Industry



### DİTAŞ Doğan Yedek Parça İmalat ve Teknik A.Ş. Shareholding Structure

	Share in Capital (TL)	Share (%)
Doğan Şirketler Grubu Holding A.Ş.	7,359,315	73.59
Free float at BIST and other shareholders	2,640,685	26.41
<b>Total</b>	<b>10,000,000</b>	<b>100.00</b>

### DİTAŞ Doğan Yedek Parça İmalat ve Teknik A.Ş. Key Indicators

(TL million)	2012	2011
Total Assets	33.7	33.9
Shareholders' Equity	19.1	21.3
Total Sales	52.3	54.8
EBITDA*	0.3	3.0
Net Profit/(Loss)	(2.2)	1.6

\* EBITDA excludes Other Operating Income/(Expenses).

Currently, one of Turkey's largest rod manufacturers, Ditaş Doğan Yedek Parça ve İmalat A.Ş., (Ditaş) was founded in 1972. It commenced operations in 1978 to manufacture vehicle suspension parts such as rod ends, ball joints, tie rods, track control arms, torque rods, stabilizer links and V torque rods. Ditaş joined Doğan Holding in 1990 and designs, produces and sells rods and parts to vehicle manufacturers (OEMs) and the replacement parts market (IAM) within the automotive supplier segment. Its over 30 years of experience, well-trained workforce, state-of-the-art engineering systems, integrated facilities and brand reliability are the main factors reinforcing DİTAŞ's competitive edge. Being part of the Doğan Holding, utilizing the best available business administration software and listed on the Istanbul Stock Exchange supported the Company's performance over the years.

The Company's sales reached TL 52 million in 2012, while its EBITDA, excluding Other Operating Income/(Expenses), stood at TL 0.3 million.

Producing for OEM companies since 1978, the Company controls around 70% market share in the heavy vehicle segment and around 12.5% market share in the light vehicle segment in this sector.

# Doğan Organik Ürünler

Today Doğan Organik Ürünler is the only raw material supplier for organic milk sold in the Turkish market. With an annual production capacity of 10,000 tons, the Company is one of Europe's largest companies in organic livestock breeding.



Pursuant to comprehensive field studies, Doğan Holding concluded that dairy farming and livestock breeding was the best fit for the region and established Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. in 2002. Setting out to become the Turkish leader in organic milk production and livestock breeding, Doğan Organik Ürünler strives to transform Kelkit and its environs into a well-known hub for this industry.

In 2005, the Company received an organic farming certificate granted by an audit and certification firm accredited by the European Union. Since then, the Company came close to quadrupling its organic milk production capacity to approximately 10,000 tons. The Company launched the contract farming project in Kelkit in 2006; Doğan Organik Ürünler empowered the regional population to become involved in organic production by training them in such matters as organic feed crops, milking, sheltering systems and fertilizer management and by retrofitting livestock shelters and barns. During the project, the Company helped organize all stages from the production and processing of raw milk to marketing.

During the previous year, the Company started cooperating with the Mlife brand of Migros, a supermarket chain very popular among the upper-middle class Turkish consumers (AB Group). In 2012, the Company expanded its “unique brand” production, sales and distribution operations by cooperating with the Fine Life brand of Metro Gross Market and Karamiş Grup's Siryana. Within Turkey's largest nationwide supermarket chains, Doğan Organik Ürünler controls 100% of the original brand organic milk market.

Today, Doğan Organik Ürünler is the only raw material supplier of the organic milk sold in the Turkish market. The Company's facilities account for 85% of the total organic raw milk produced in the country. With an annual production capacity of 10,000 tons, the Company also has one of the largest plants in Europe. Doğan Organik Ürünler sticks to the principle of sustainability in all of its operations. The Company also organizes training activities to educate local farmers about organic agriculture and livestock-breeding. A founding member of the Association of Organic Product Producers, the Company shares its sector-specific experience and know-how with regard to symposia and conferences.

Doğan Organik Ürünler's rapid development and achievements are confirmed with various awards. In 2005, Doğan Organik was named one of the top ten socially responsible investments in Europe by the European Union Directorate of Business Concerns. In 2006, Doğan Organik was honored with the Best Agricultural Investment award by the World Food Organization (FAO) on World Food Day.

In 2012, Doğan Organik Ürünler earned the “Corporate Citizenship” award at the CSS Solutions Marketplace event organized by Turkish Association of Corporate Social Responsibility (TKSSD). The Company also received the Jury's Second Prize granted by a Selection Committee made up of experts from the national partners of CSR Europe, UNDP and international CSS specialists; these projects earned the right to participate in the marketplace with their sustainable agricultural growth projects.



# Milpa

Milpa continues its consistent growth performance with 33 years of experience in different sectors and a competent workforce.

## Real Estate Marketing



### Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. Shareholding Structure

	Share in Capital (TL)	Share (%)
Doğan Şirketler Grubu Holding A.Ş.	109,906,043	86.27
Free float at BIST and other shareholders	17,490,351	13.73
<b>Total</b>	<b>127,396,394</b>	<b>100.00</b>

### Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. Key Indicators

(TL million)	2012	2011
Total Assets	109.5	148.6
Shareholders' Equity	59.3	87.9
Total Sales	12.1	4.6
EBITDA*	(9.0)	(6.3)
Net Profit/(Loss)	(28.5)	(22.8)

\* EBITDA excludes Other Operating Income/(Expenses).

Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş. was established in 1980 to engage in the direct marketing of motor vehicles and consumer durable goods. Since its inception, Milpa has successfully marketed a large number of products from various industries, from electronics to automotive, computers to real estate.

Milpa recreated its strategy as a result of the transformation process initiated during the 2000s and decided to focus on the real estate industry. In line with this decision, the Company completed construction and delivered to the owners the Automall project 662 individual units, as well as the Milpark Houses Project during 2010.

Milpa continues its consistent growth performance with 33 years of experience in different sectors and a competent workforce. The main factor underlying the Company's success is its ability to implement marketing strategies in accordance with the given period and conditions, through accurate and appropriate decisions. As a result, Milpa ranked among the most reliable companies in the industry with its high customer satisfaction profile since 1980.

# DD Mortgage

DD Mortgage devises personalized home mortgage products for potential homeowners from different demographic backgrounds thanks to a well-trained team, technological infrastructure and a high quality service philosophy focused on customer satisfaction.

## Financial Services



Established by the Doğan Group in April 2006, DD Konut Finansmanı A.Ş. (DD Mortgage) is the first home mortgage company to operate within the framework of the Mortgage Law.

With the enactment of the Mortgage Law No. 5582 in early 2007, the Company filed a license application with the Banking Regulation and Supervision Agency (BRSA) and commenced its mortgage lending activities when it received its operating license in June 2008; consequently, 49% of the shares of the Company were sold to Deutsche Bank A.G. in July 2007. After receiving BRSA approval to serve as an insurance agency, DD Mortgage began to sell insurance policies in July 2009 and the Company is now able to meet the insurance needs of customers in conjunction with their mortgage loans. In February 2010, the Company enacted the first portfolio transfer at international standards in home mortgage

in Turkey. In order to enhance its risk monitoring process, the Company replaced its current system with a new one and thus started to follow up the loan payback performance of loan customers in a more efficient manner.

DD Mortgage devises personalized home mortgage products for potential homeowners from different demographic backgrounds thanks to a well-trained team, technological infrastructure and a high quality service philosophy focused on customer satisfaction. The Company operates through three branches in the Istanbul districts of Beşiktaş, Ataşehir and Bakırköy. Aside from the branches, the Company conducts sales through the website, call center and direct sales. The Company's marketing channels consist of housing development projects, real estate offices and the Internet.

As a result of its strong capital structure, vast information network and cooperation generated by the partnership between Deutsche Bank and Doğan Group, DD Mortgage was not affected by the demand contraction in the market and continued to expand its market share consistently, year after year. As a result of the national economy management's measures to dampen credit growth in 2011, demand for loans slowed down in 2012. Housing loans expanded by 14% in the sector in 2012, whereas DD Mortgage's portfolio grew by 23.6%. As of end-2012, DD Mortgage has a total asset size of TL 489 million and a total loan portfolio of TL 349 million.

DD Mortgage is a member of GYODER (Association of Real Estate Investment Companies), TÜFİDER (Association of Consumer Finance Companies) and AHK (German-Turkish Chamber of Commerce and Industry) in Turkey and the MBA (Mortgage Bankers Association) in the United States.



# Milta Turizm İşletmeleri

Located in the center of Bodrum, Milta Bodrum Marina ranks among the top five marinas in the Mediterranean basin with its location and service quality.

## Tourism



Doğan Holding's tourism, investment and management activities are carried out under the roof of Milta Turizm İşletmeleri A.Ş., established in 1982. Milta provides hotel management services via Işıl Club, marina operations via Milta Bodrum Marina and travel agency operations and fleet and daily car rental services via Işıl Tur.

### Milta Bodrum Marina

Marinas create a new living space in their environs and play a crucial role for Turkey, which earns 25% of its total tourism revenue from marine tourism. As of 2012, one million yachts are active across the Mediterranean; 40,000 of this total can be accommodated in Turkish marinas. Located in the center of Bodrum, Milta Bodrum Marina ranks among the top five marinas in the Mediterranean basin based on location and service quality. With a workforce that aims to reach 100% customer satisfaction, a wide range of services, location in the city center and a distance of just 1-2 hours drive to the airports, are factors that help the Marina stand out among its peers. Milta

Bodrum Marina is ranked in the top 50 marinas among 345 marinas in 25 countries in terms of service quality.

Handling the heaviest traffic volume among all yacht marinas in Turkey, Milta Bodrum Marina, has a market share of 4.6% among marinas that have a Tourism Establishment License. Milta Bodrum Marina's client portfolio consists of sailing boat, catamaran and motor-yacht owners, charter companies and boat agencies. Keen on preserving the natural environment, Milta Bodrum Marina made improvements to its solar energy systems and tanks in 2012, transitioning to a more eco-friendly heating system.

Milta Bodrum Marina earned the Five Golden Anchors international quality award, entitling the facility to be recommended to yacht-owners around the world. In addition, the Marina has won the National Blue Flag award, an extremely prestigious reference on the international arena, every single year since 1997.

### Işıl Club Bodrum

Işıl Club Bodrum commenced services in 1985 and quickly became one of the most popular resorts in the Bodrum region. For nine years, the Company was operated by the French hotel chain giant ACCOR under the name of Club Milta; Eldorado and Coralia received the "best facility" awards among global hotel chains during this same period.

Improving its service approach and constantly raising its quality standards to maximize customer satisfaction, Işıl Club Bodrum has now become one of the leading establishments in the region. As a result of its services during the 2011 and 2012 seasons, the Company was designated the top Turkish and Aegean destination for customer satisfaction by important international travel websites such as zoover.com, tripadvisor.com and vakantiereiswijzer.com. In addition, as a result of its success in the periodic annual audits, Işıl Club Bodrum has maintained its HACCP quality assurance certifications and Blue Flag awards.



In 2012, when the competition between destinations and accommodation facilities reached a significant intensity, Işıl Club managed to exceed its budget target for revenue per capita, despite excessive price cuts by competitors, pressures from tour operators and the incompetence of airlines. In addition, the Company expanded the scope of its eco-friendly practices by completing its solar energy and heating system investments in 2012.

#### **Işıl Tur**

Established in 1997 as an intermediation agency investment of Doğan Holding, the Company created significant competitive edge by providing under a single umbrella various services needed by companies such as fleet and daily car rental, corporate hotel booking, airline ticket sales and corporate event organizations.

In Turkey, there are 529 IATA and over 6,000 non-IATA agencies that sell tickets. Işıl Tur is among the first 100 agencies to become a member of IATA. Besides, it is an authorized ticket sales agency for THY, Pegasus, Onur Air, Atlas Jet, SunExpress and TCDD and provides its customers such services as domestic and

international ticket sales, TCDD ticket sales and corporate travel organization. The Company also sells airline tickets online via the websites milta.com and promobilet.com.

In addition to these services, the Company also offers fleet and daily car rental services at its branch at the Izmir Adnan Menderes Airport and its offices in Ankara, Antalya and Istanbul. Işıl Tur provides its fleet and daily car rental services under the Işıl Rent A Car brand with 1,000 vehicles, all of which are 100% equity-financed. In 2012, Işıl Tur purchased vehicles worth over TL 9 million.

A "Group A" travel agency and a member of the Association of Turkish Travel Agencies (TÜRSAB), Işıl Tur has provided services for domestic and international events, incentive tours and convention and event management activities under the Işıl Events brand since 2010. In 2012, Işıl Events held a large number of promotional dinners for TV series and managed over 50 events, meetings and organizations.

#### **Milta Havacılık**

The company Doğan Havacılık A.Ş. was established in 2002 and was merged with Milta Turizm İşletmeleri A.Ş. on December 25, 2012, thus joining the Milta family. The Company's assets include a Falcon 2000 EX sn 2007 model airplane, with a capacity of 10 passengers. This airplane provides domestic and international air taxi services.

#### **Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş.**

Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. is a joint venture under shared management established by Milta Turizm İşletmeleri A.Ş. and Rönesans Gayrimenkul Yatırım A.Ş. on April 5, 2012. Nakkaştepe Gayrimenkul purchased plots of land measuring 38,323 square meters in Izmir's Bayraklı district for real estate development purposes. The investment is planned to start in 2013.

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

Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. is a joint venture under shared management established by Milta Turizm İşletmeleri A.Ş. and Rönesans Gayrimenkul Yatırım A.Ş. on November 2, 2012. Both parent companies control 50% stakes. Kandilli Gayrimenkul purchased plots of land measuring 23,685 square meters in Istanbul's Ümraniye district for real estate development purposes. The investment is planned to start in 2013.

# Sustainability

In all of its fields of activity, Doğan Holding strives to make a contribution to sustainable economic and social development of Turkey.





# Corporate Social Responsibility

Doğan Holding believes that the road to a bright future for the nation's youth is through education. The Holding's social responsibility activities are focused on upbringing bright and well-educated young individuals embracing universal values.



Turkey stands out among emerging nations with its young demographic base, growing economy and dynamic structure. Playing a key role in Turkey's development process, the private sector makes significant contributions to national employment and economy. The fact that investment in corporate social responsibility expands daily is an indication of companies' increased sensitivity toward society and the environment.

In all of its fields of activity, Doğan Holding makes a point of adding value to social development. This philosophy of Doğan Holding is translated into practice through social responsibility projects. The group believes that the road to a bright future passes through the education of the youth and focuses its social responsibility activities on upbringing bright and well-educated young individuals embracing universal values.

In this vein, Doğan Holding continued its social activities in the year 2012. Corporate social responsibility projects undertaken by Group companies and Aydın Doğan Foundation are announced to the public via the Group's media companies so as to raise public awareness on social responsibility.



# Aydın Doğan Foundation

Aydın Doğan Vakfı strives to fulfill the Group's responsibilities to the society by building educational institutions, dormitories and organizing national and international competitions.



Aydın Doğan Foundation was established on April 15, 1996 to contribute to the development of the country and society. Engaged in a wide range of charitable activities, the Foundation carries out socially responsible activities in the fields of education, health, scientific research, culture, the arts and sports.

The Foundation fulfills its responsibilities towards the society of which it is a part, by organizing national and international competitions, distributing awards and building educational facilities. The Foundation preserves its strong administrative and financial structure to continue its activities oriented toward its current goals and tries to obtain a prestigious standing on the international stage.

## **Aydın Doğan International Cartoon Competition**

Open to professional and amateur cartoonists from all countries, the Aydın Doğan International Cartoon Competition is the world's most prestigious competition in its field. In 2012, the 29th edition of the Aydın Doğan International Cartoon Competition was held with no subject limitations; 944 artists from 80 countries participated with 2,945 submissions. The Selection Committee awarded the first prize to Doğan Arslan from Turkey and Javad Alizadeh from Iran, the second prize to Vladimir Stankovski from Serbia and the third prize to Pawel Kuczynski from Poland. Throughout its history, a total of 7,800 artists from 136 nations participated in Aydın Doğan International Cartoon Competition with about 70,000 works.

## **Exhibitions**

Every year, the cartoons considered worthy of exhibition from the submissions to the Aydın Doğan International Cartoon Competition were presented to the general public, with special focus on university students in 2012. The award-winning cartoons were displayed in a number of exhibitions organized in the USA, Adana, Muğla, Istanbul (6), Izmir, Ordu, Balıkesir and Ankara.

## **Young Communicators Competition**

Aydın Doğan Foundation annually organizes the Young Communicators Competition to contribute to the education of qualified media employees and to support continuous development of the communications sector. A total of 1,351 students from the communications departments of 31 universities participated in the 24th edition of the Young Communicators Competition with 1,163 works in the categories of publishing, broadcasting, advertising, public relations and online media. The selection committee awarded 155 students from 21 universities for 80 projects. The award-winning students were also given the opportunity to join the programs designed for gaining professional knowledge and experience in one of the newspapers, magazines, or television or radio channels of Doğan Yayın Holding for the duration of one to three months.



### Aydın Doğan Awards

Since its inception, Aydın Doğan Foundation has given awards to individuals who have made contributions to their nation, the world and humanity in different fields such as culture, the arts, literature and science. These individuals are chosen among those who are at the very summit of their profession and have dedicated themselves to creativity. Aydın Doğan Awards was given in the category of short story in 2012. The Selection Committee comprised of Doğan Hızlan (Chairman), Nursel Duruel, Prof. Dr. İnci Enginün, Semih Gümüş, Özcan Karabulut, Prof. Dr. Jale Parla, Hüseyin Su, A. Ömer Türkeş and Metin Celal Zeynioğlu. After an open discussion and elimination, the Selection Committee decided to grant the Aydın Doğan Award to Selim İleri, for having carved out a unique position in the Turkish literature with short stories, novels and essays penned during a long writing career, for creating an authentic idiom and style by embracing classical Turkish storytelling, for representing a transition between the tradition and the modern and for making contributions to the Turkish literature with not only short stories but his entire opus.

### Education

Since its establishment, the Aydın Doğan Foundation has launched many projects that have helped to raise the quality of education in Turkey. Schools and dormitories that were constructed by the Foundation and donated to the Ministry of National Education include:

Sema Işıl Doğan Elementary School, Gümüşhane  
Atatürk University Aydın Doğan Private Elementary School, Erzurum  
Aydın Doğan Elementary School, Göztepe-Istanbul  
Yaşar ve İrfani Doğan Industrial Vocational High School, Kelkit-Gümüşhane  
Milliyet Anatolian Teachers High School, Erzincan  
Hürriyet Anatolian Vocational High School for Hotel Management, Erzincan  
Aydın Doğan Vocational High School for Commerce, Istanbul  
Aydın Doğan Vocational High School for Health, Istanbul  
Gümüşhane University Kelkit Aydın Doğan Vocational School, Gümüşhane  
Galatasaray University Aydın Doğan Auditorium, Istanbul  
TEGV Sema and Aydın Doğan Education Park, Istanbul  
Sema Doğan Park, Kelkit-Gümüşhane  
Aydın Doğan Center for Science and the Arts, Afyon  
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, Kürtün Gümüşhane  
Aydın Doğan Dormitory for Girls, Köse Gümüşhane  
Aydın Doğan Dormitory for Girls, Şiran Gümüşhane  
Aydın Doğan Sports Complex, Gümüşhane

## Aydın Doğan Foundation

In 2012, Aydın Doğan Foundation hosted a number of students living in girls' dormitories, in Istanbul for visits to universities, cultural and historical sites.



### Kelkit Aydın Doğan Vocational School

The foundations of Kelkit Aydın Doğan Vocational School, which is a part of Gümüşhane University, were laid on July 27, 2002; the school opened with 90 students on September 28, 2003. The number of students studying at the Vocational School reached 579 during the 2010-2011 academic year. With the support of the Foundation, Kelkit Aydın Doğan Vocational School prioritizes education in English. The associate programs at Kelkit Aydın Doğan Vocational School are: Computer Technology, Agriculture and Livestock Production, Electronics and Automation, Accounting and Taxation, Transportation Services, Lab Technologies and Veterinary Medicine.

The Foundation also helps organize English classes at the school. The Organic Agriculture Program, which is in high demand by many students in the region, is designed to raise the awareness of the locals about sustainable agricultural methods and thus help develop local agriculture.

### Aydın Doğan Vocational Trade (Communications) High School

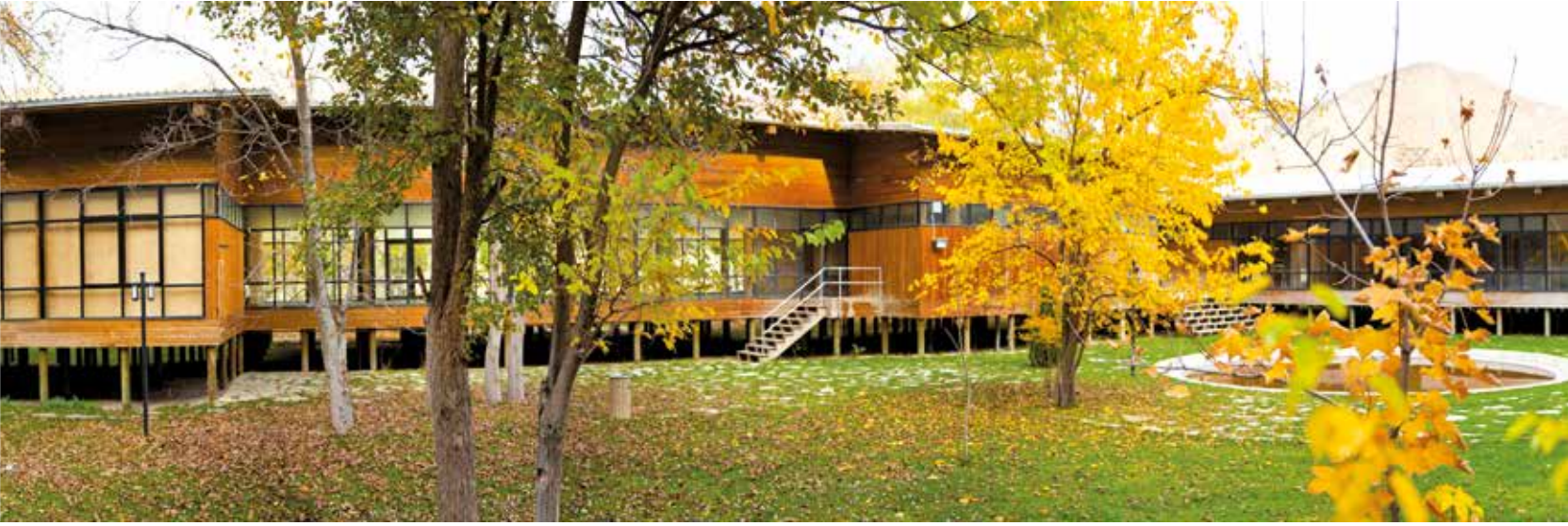
Established by the Aydın Doğan Foundation in 1998 and donated to the Ministry of Culture, the name of the Aydın Doğan Anatolian Communications Vocational High School was changed to Aydın Doğan Vocational Trade High School with a resolution by the Ministry of National Education. Holding its 11th graduation ceremony in 2012, the High School provides education in the fields of journalism, radio and television. As in previous years, the high school continues to be one of the top choices of students scoring the highest points in the entrance exams. Out of the 89 students who graduated in 2012, 85 were entitled to enroll in a university. In the 2012-2013 academic year, a total of 90 students were enrolled in the high school. Aydın Doğan Vocational Trade (Communications) High School also awards various prizes to the top three successful students at the end of the academic year. As in previous years, the Foundation continued to support the school with foreign language education, with a view to help students enhance their level of English.

### Dormitories for Girls

The following girls' dormitories were constructed by the Aydın Doğan Foundation within the scope of the "Dad, Send Me to School" campaign that attracted much public attention and later donated to the Ministry of National Education: 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).

In 2012, Aydın Doğan Foundation hosted students living in these dormitories, who were in the top three in their respective schools, together with coordinating teachers in Istanbul for four days, organizing visits to universities, cultural and historical sites. The aim of this initiative was both to award these students for their achievements and to contribute to their education and cultural progress.





### **TEGV Sema and Aydın Doğan Education Park**

Aydın Doğan Foundation continues to support the Findızkade Sema and Aydın Doğan Education Park, established in 1996 by the Educational Volunteers Foundation of Turkey. Since its inauguration, Sema and Aydın Doğan Education Park have offered educational support to nearly 69,000 children.

To develop children's language and communication skills, contribute to their personal and mental development, foster their interest in the arts, science and technology and educate them in these fields, Sema and Aydın Doğan Education Park has organized various educational activities.

### **Sema Doğan Park in Gümüşhane**

Established to contribute to cultural and social life in Gümüşhane, the Sema Doğan Park was inaugurated on July 24, 2008 as a park that can host various activities. The covered areas inside the Park feature a hall that can accommodate cultural and entertainment activities such as receptions, concerts and conferences. The open area features an amphitheater, which can host movie screenings, theater plays, concerts, folkloric dances and conferences, as well as children's playgrounds, basketball fields, tennis courts and picnic areas.

### **Kalender Metin Doğan Community Kitchen**

Through the Kelkit Social Assistance and Solidarity Foundation, Aydın Doğan Foundation supports Kalender Metin Doğan Community Kitchen in Kelkit, where an average of 150 people daily receive hot meals during winter; 80 are fed during summer months.

### **Aydın Doğan Center for Science and Arts**

Aydın Doğan Center for Science and Arts endeavors to identify gifted or highly talented children at the elementary school or junior high school level and to make the best of their potential. The Center is an educational institution affiliated with the Ministry of National Education, General Directorate of Special Education Guidance and Counseling Services. Aydın Doğan Foundation continues to support the Center, where gifted children are educated by specially trained teachers using special instruments and programs.

### **Other Activities**

#### **Education Reform Initiative (ERG)**

A supporter of numerous education-related projects and initiatives in Turkey, the Aydın Doğan Foundation pursues high quality

education for all in Turkey. To this end, together with other prominent Turkish foundations, Aydın Doğan Foundation serves as an active member on the Board of the Education Reform Initiative. The Initiative undertakes research, advocacy and monitoring studies for the social and economic development of the country and educational reform.

### **London School of Economics**

The Aydın Doğan Foundation figures among the sponsors of the Contemporary Turkish Studies Chair at the European Institute of the London School of Economics (LSE), one of the most prestigious educational institutions in the world. The chair will provide great support for the recognition of modern Turkey globally.

### **Third Sector Foundation of Turkey (TÜSEV)**

The Third Sector Foundation of Turkey (TÜSEV) was established in 1993 by 23 civil society organizations including leading foundations and associations in Turkey in order to develop the legal, fiscal and operational infrastructure of the third (non-profit) sector. Today, over 100 trustees of the Foundation collaborate under the roof of TÜSEV to encourage civil society initiatives in Turkey. As a founder and Board member of TÜSEV, Aydın Doğan Foundation supports its initiatives in active manner.



# Social Responsibility Projects

The “No! to Domestic Violence” campaign included numerous initiatives, ranging from opinion leadership to contributing to new legislation; it established itself as one of the rarely seen long-running social responsibility efforts in Turkey.



## “NO! TO DOMESTIC VIOLENCE”

Hürriyet’s “No! to Domestic Violence” campaign, launched eight years ago, went beyond social responsibility efforts to become a solution partner vis-a-vis non-governmental organizations (NGO) and the Ministry of Family and Social Policies.

The campaign set out to raise awareness about domestic violence through publications, international conferences, workshops, concerts and other activities. The campaign included numerous efficient initiatives, ranging from opinion leadership to contributing to new legislation and established itself as one of the rarely seen long-running social responsibility efforts in Turkey.

### Emergency Helpline

Established in 2007 within the scope of the “No! to Domestic Violence” campaign, in order to provide support for legal, psychological and safety issues to women who are victims of domestic abuse and violence, the Emergency Helpline is active 24/7. In 2012, the Helpline continued to support victims of violence.

From October 15, 2007 until December 31, 2012, a total of 33,669 people dialed the Emergency Helpline; 15,824 individuals received legal, corporate or psychological support on domestic violence. The Emergency Helpline assisted 11,420 victims or relatives and friends of victims. One in two victims complained of physical violence and about half of this group claim to have suffered from other types of violence, too. Of the victims calling the Helpline, 3.31% are males; all victims age group range from two to 90 and 80% of the victims suffer from violence at the hands of their spouses.

The Emergency Helpline assisted in 1,468 urgent cases to date. The Helpline sent police teams to most cases and directed a large number of the victims to shelters. The service receives calls from the 81 provinces of Turkey, Cyprus and 14 different nations (Germany, France, Austria, Azerbaijan, Belgium, the Netherlands, Australia, USA, Syria, Switzerland, Iran, Tunisia, the UK and Sweden).

### Awareness Raising Programs

In 2012, the Company continued its efforts to raise public support for the solution of the domestic violence problem via conferences, workshops, TV programs, etc. In addition,

within the scope of the “No! to Domestic Violence” campaign, local officials in Yozgat received Inter-institutional Cooperation Training on January 5 and 6, 2012 and Domestic Violence Awareness Training on January 7, 2012. In February 2012, at their request, managers and employees of Istanbul Social Services and Children’s Protection Agency attended seminars dealing with domestic violence therapy.

### Partnerships

As part of the “No! to Domestic Violence” campaign, the stocking manufacturer Penti Çorapları had celebrities Ayşe Arman, Kenan Doğulu and Şebnem Bozoklu design stockings. The sales revenue from these specially designed products were donated to the Emergency Helpline by Penti.

The “No! to Domestic Violence” campaign and the Rightful Women Platform -of which the campaign is a member- played an active role in drafting laws and regulations against the violence towards women. In this regard, diverse activities were organized jointly with Ministry of Family and Social Policies, Ministry of EU Affairs, General Directorate on the Status of Women and various NGOs.



### SMS Campaign

An SMS project was initiated under the “No! to Domestic Violence” campaign so as to help cover the operating costs of the Emergency Helpline. The campaign signed contracts with the association Aralık Derneği and the mobile carriers Turkcell, Vodafone and Avea and received the legal permits to collect donations via the SMS number 6643. Announced to the public at large via the website [siddetekarsiyuzbinsms.com](http://siddetekarsiyuzbinsms.com) (hundred thousand SMS against violence), the project not only generated funds against violence, but also raised awareness on the importance of making a nationwide contribution to the solution of a social problem.

### RIGHTFUL WOMEN PLATFORM

The Rightful Women Platform is a social responsibility project dealing with gender equality by the Hürriyet newspaper. The Platform supports equal representation of women in parliament; their protection from all kinds of violence; equality in the workplace; effective legal protection against gender discrimination and the immediate implementation of measures to guarantee gender equality. The Platform continued its gender equality initiatives in 2012.

Numbering 100,000 including members of associations as well as individuals, Rightful Women Platform was an active participant in efforts to draft laws and regulations against violence towards women in 2012. The Platform started a project focused on an Egalitarian Budget and held a number of meetings with relevant officials. A report published by the Workshop on an Egalitarian Budget organized at the Bilgi University with the participation of the specialists in the field was presented to the Gender Equality Commission of the Turkish Parliament and other relevant officials.

Member institutions of Rightful Women Platform ([www.haklikadinplatformu.org](http://www.haklikadinplatformu.org)) include:

The Women's Assembly of the Princes' Islands City Council; Adana International Business and Professional Women's Association; Adana NGO Women's Coalition Forum; Anatolian Entrepreneur Businesswomen Associations Federation (AGIFED); Education, Culture and Social Solidarity Association of Alucra; Ankara Business Women Entrepreneurs and Enhancement Association (ANGIKAD); Women Rights Center of Ankara Bar Association; Women's Assembly of Antalya City Council; Women's Joint Powers of Antalya City Council;

Antalya TOAYDER Women's Branch; Aralık Association; Ataşehir City Council; Bakırköy Life Magazine; Capital City Women's Platform; CNN Türk; Association for Supporting Contemporary Living (ÇYDD); Hürriyet “No! To Domestic Violence” Campaign; Association of Construction and Women; Women's Assembly of Kadıköy City Council; Women's Assembly of Istanbul Bakırköy City Council; Women Commission in Business; Business and Professional Women Association; KA-DER (Association for the Support of Women Candidates); Association for Research on Women's Social Life; The Women Entrepreneurs Association of Turkey (KAGİDER); Women's Shelter Foundation and Women Center Foundation (KAMER); the Marmara Group Foundation; NTV; Rengarenk Kırmızı Magazine; Association of Social Services Experts; Foundation of Turkish Women in Legal Professions; The Turkish Women's Union; Federation of Women's Associations of Turkey; Federation of Turkish Soroptimist Clubs; Turkish Enterprise and Business Confederation (TÜRKONFED); Turkish Industrialists' and Businessmen's Association (TÜSİAD); Uçan Süpürge (Flying Broom); Yeditepe Association of Women's Solidarity; and 21st Century Education and Culture Foundation (YEKÜV).



## Social Responsibility Projects

Within the scope of the “Dad, Send Me to School” campaign, the obstacles facing girls enrolling in schools were identified and a series of activities were organized to raise awareness as well as to provide financial support.



### DAD, SEND ME TO SCHOOL CAMPAIGN

Recognizing that education is one of the most important problems in Turkey and that girls in particular are often deprived of educational opportunities, Doğan Gazetecilik launched the social responsibility campaign titled “Dad, Send Me to School” in 2005 that is set to play an important role in the upbringing of future generations. The project endeavors to assist girls to become productive individuals through education. Launched on April 23, 2005, the Dad, Send Me to School campaign promotes the extension of education mobilization throughout Turkey and makes sure that all girls enroll in school. Within this framework, after the obstacles concerning girls enrolling in schools were identified, a series of activities were organized to raise awareness as well as to provide financial support.

Hanzade Doğan Boyner, Chairperson of Doğan Gazetecilik, was the mastermind behind this comprehensive campaign. Many institutions supported the campaign by building dormitories and classrooms and giving scholarships in 15 cities identified with the greatest need. Doğan Gazetecilik, also, contributed TRY 1 million to the

campaign. The urgent needs of students were immediately met with the vast support triggered by the mobilization. Throughout the eight years since the launch of the campaign, 33 dormitories and 12 elementary schools were constructed by various individuals and institutions; 10,524 girls received educational scholarships; and the Aydın Doğan Foundation supported the campaign by building five dormitories for girls. The dormitories built provided shelter for nearly 3,500 girls each year.

In addition, training seminars for 500 parents were organized in five cities around the theme “My Child and I” in collaboration with the Mother and Child Education Foundation (AÇEV); a two-day-long special training session was held for the administrators of Regional Primary Boarding Schools, jointly with the Turkish Association of Private Schools; Kamil Koç Busses sponsored the furnishing of the common areas in the dormitories; and girls staying in dormitories were also offered music lessons.

Moreover, a platform for multilateral cooperation was formed with universities: students of the Social Awareness module at Sabancı University visited Kars Merkez Sabancı Dormitory for Girls

and Sankamış Milliyet Dormitory for Girls; and, Işık University included a Social Awareness module in its curriculum and organized various activities at Mardin Milliyet Dormitory for Girls. In cooperation with the Turkish Family Health and Planning Foundation seminars on hygiene and health and in cooperation with Eczacıbaşı seminars entitled “Our Body and Health” were organized for female students staying in the dormitories.

Week-long training programs are organized annually in Istanbul for administrators and teachers at dormitories on topics like puberty, dormitory management, communication skills and budget management. In June 2012, the fifth edition of these training programs was held in Istanbul in cooperation with the Ministry of National Education. Fifty dormitory managers and lecturers from various cities participated in the event. In this program, Yücel Onat of the Onat Academy gave a seminar on “Dynamics of Change” on the first day. In the following days, Güler Kazmacı presented a lecture on “Speaking Turkish Effectively,” the Boğaziçi University’s Peace Education Practice and Research Center gave a seminar on “Communication without Violence” and on the last day Füsün Paşa offered





a course on "Mentorship." Participants who came to Istanbul for the training program also had the chance to visit the city's historical and touristic hot spots.

Within the scope of the "Dad, Send Me to School" mobilization, students staying at girls' dormitories participate in a competition every year. The competition is held in the categories of painting, poetry and essay writing. The fifth edition was held on May 2012, around the theme "Life in the Dormitory." At the award ceremony held in Istanbul, the top-ranking students were invited and given their awards.

The newspapers under the roof of Doğan Gazetecilik also played a role in creating public opinion and raising social awareness on the issue. The articles published in our newspapers were influential in finding solutions to structural problems like the appointment of female directors to dormitories for girls and the revision of the scholarship regulation.

As a result of the educational workshops organized, the problems with regard to education were brought into Turkey's agenda, solutions were offered for girls to continue their education; the findings of these workshops,

where educational problems and relevant solution proposals were discussed at large, were shared with the public and the authorities at the Ministry of National Education.

Numerous individuals and institutions eagerly support the "Dad Send Me to School" campaign ranging from school children who donated their pocket money to Limak Holding who constructed a dormitory, from the Hacı Ömer Sabancı Foundation to governorships, from the Turkish Union of Chambers and Commodity Exchanges to Metro Group who granted scholarships to girls, as well as Garanti Bank, Enka Foundation, Oriflame and Siemens. That the campaign turned out to be a major mobilization and over 300,000 individuals made donations of more than TRY 35 million are clear indicators that the campaign profoundly appealed to the Turkish public. It is thought that the added value of the campaign is even more and that the number of girls enrolled in schools is even higher than estimated as families inspired by news articles may have decided to enroll their daughters in school. Another contributing factor is that school administrators who participated in the training programs paid visits to many villages and urged families to send their daughters to school.

## HÜRRİYET WITNESSES 50 YEARS OF TURKISH EMIGRATION

The latest edition of the exhibition entitled "Hürriyet Witnesses 50 Years of Turkish Emigration" focusing on the half century of labor migration to Germany, was organized from December 17, 2012 to January 17, 2013 at two municipal buildings in Mörfelden-Walldorf, where Hürriyet Europe's facilities are located. Designed to showcase the 50 years of shared history between Turks and Germans through the lens of Hürriyet newspaper, the exhibition was inaugurated by Jörg-Uwe Hahn, Vice Prime Minister of the Hessen State and Minister of Integration. The general public first saw the exhibition within the scope of the Turkish-German Business Forum organized on September 19, 2011 in Berlin. The exhibition, which met with interest from the presidents of the two countries, was then reproduced at the Turkish House in Berlin; the Ruhr Book Fair in Essen; in Berlin, Frankfurt and Köln as part of the 88th anniversary of the Turkish Republic; at the Nürnberg Train Station; Turkish Day in Oberursel; during Turkish-German Business Day in Düsseldorf; in German Olympic Sports Union's Integration Day in Potsdam; and finally in Mörfelden-Walldorf. The exhibition featured a Hürriyet cover page selected from each year of the period from 1961 until 2011, as well as various photos and cartoons about migration from the newspaper's archive.

## Social Responsibility Projects

Kanal D initiated an innovative practice in TV broadcasting by helping the visually and hearing impaired to follow TV series with comfort.



### SOCIAL RESPONSIBILITY EFFORTS BY DOĞAN TV HOLDING

The Group's TV broadcasting not only stands out with its original and lively content, but also oversees the public good. Kanal D takes its investment decisions in line with such a social responsibility consciousness. To allow visually and hearing impaired audiences to follow TV series with comfort, the Kanal D initiated an innovative practice in TV broadcasting: Kanal D's visual depiction service is provided in partnership with the Association for Visual Depiction.

Kanal D's competition show *Şans Kapıda* [Fate Knocks on the Door] allows modest families to obtain new house furniture; *Ben Bilmem Eşim Bilir* [My Spouse Knows Best] gifted books and a library to the Sarıyer Bala Hatun Primary School and brought joy to pupils in other schools with various activities and presents. The program *Evim Şahane* [My Sweet Home] completely renovated the Gümüşdere Primary School and the family house of a participant from Sinop. For each episode of *Kayıp Şehir* [Lost City], one of

Kanal D's most popular series, 70 trees are planted in the Bozdağ district of Ödemiş, Izmir, via the Çekül Foundation. The program *Doktorum* [My Medical Doctor] assumed the therapies of 2,500 patients and 200 surgical operations.

As part of its corporate social responsibility efforts, Radyo D continues to give its full support to projects that benefit the entire society especially with respect to education, health and environment and devises its own projects.

In 2012, Radyo D initiated the social responsibility campaign entitled, A Music Room to Every School and renovated the music rooms of and donated musical instruments to state high schools in need. In order to help protect stray animals and draw attention to the needs of animal shelters, Radyo D became a sponsor for activities organized by the Yedikule Animal Shelter and the Day of Love. Radyo D also helped promote the kidney donation campaign by the Turkish Kidney Foundation and raised

social awareness on the issue. Radyo D became the radio sponsor of activities for the World Disabled Day on December 3 in Alanya.

The 24th edition of Heart Week organized annually by the Turkish Heart Association was held with the collaboration of Radyo D in 2012. Radyo D was also the radio sponsor of the Traditional Tennis Tournament organized by Turkish Heart Association. Also, on World Heart Day organized with the radio sponsorship of Kanal D, a cardiovascular heart survey was conducted among the members of the public in Taksim square.

With a view to supporting the development and popularization of equestrian sports, Radyo D became the radio sponsor of the 2012 Winter Equestrian Festival held by the Turkish Equestrian Federation.



### **DOĞAN BURDA'S SOCIAL RESPONSIBILITY ACTIVITIES**

Successfully displaying its social citizenship awareness through its social responsibility activities, Doğan Burda Magazine Group expended efforts to raise awareness in the fields of culture and arts, history, environment, nature and health throughout 2012.

#### **TOG Concept**

The book TOG Concept was published and distributed by the Maison Française magazine to support Community Volunteers Foundation (TOG). TRY 150,000 was collected in donations during the campaign that once again placed the TOG Concept project on the agenda.

#### **Social Responsibility Leaders**

Every year Capital Magazine organizes the now traditional Corporate Social Responsibility Survey and identifies the social responsibility leaders of Turkey. In March 2012, the Social Responsibility Leaders Survey was organized to create a buzz about social responsibility.

### **Corporate Social Responsibility**

The magazine Ekonomist issued a Corporate Social Responsibility supplement to raise corporate awareness on social responsibility and to encourage companies to undertake social responsibility activities.

#### **Support to Entrepreneurs**

Capital magazine organized the Most Popular Companies and Capital 500 surveys and the Ekonomist magazine held the activities for "Women Entrepreneurs" and "The Businessmen of the Year", to support entrepreneurship and successful businessmen in 2012. As part of the Women Entrepreneurs project, awards were given to "Turkey's Top Woman Entrepreneur", "Promising Woman Entrepreneur" and "Woman Entrepreneur Creating a Local Difference". "Turkey's Top Woman Entrepreneur", which drew 5,600 participants last year helps, spread exemplary success stories.

### **Brands of Anatolia**

The sixth edition of the Brands of Anatolia project was organized in 2012. The aim of the project is to raise brand awareness among Anatolian companies, the driving force of the Turkish economy.

#### **Pomegranate Seeds**

The magazine ELLE supported the responsibility project entitled Pomegranate Seeds aiming to empower young women who have grown up in orphanages and now suffer from social and economic exclusion. This project helps them to join the Turkish labor market.

### **Turkey's Most Successful Young CEOs Survey**

Every year the magazine Capital organizes the "Marching toward Success" awards with the participation of CEOs age 40 years and younger. These awards draw attention to and encourages Turkey's young professional executives.



## Social Responsibility Projects

Successfully displaying its social citizenship awareness through social responsibility activities, Doğan Burda Magazine Group created its own projects and supported others in the fields of culture and the arts, history, environment, nature and health throughout 2012.



### Breast Cancer Awareness among Women

To help raise public awareness of breast cancer, the magazine Elele published two special stories concerning celebrities: one in the March issue, focusing on Deniz Uğur who survived breast cancer and the second in the October issue, around the concept "They are not afraid of breast cancer, because they eat healthy."

### Smart Eating for Healthy Living Seminar

The Modern Education Foundation's Smart Eating for Healthy Living Seminar received media support from the magazine Hello! The money raised from an event organized with the participation of 250 select guests was used to set up a scholarship fund for undergraduate students.

### Supporting Culture and Arts

Doğan Burda magazines, especially Tempo, Elle, Hello! and Istanbul Life, have supported culture and the arts events by institutions such as İKSV. ELLE Decoration, supported advancement in the field of design by sponsoring the EDIDA awards, as in previous years.

### Green Business

Every three months, Capital magazine issues the Capital Green Business supplement, with a view to supporting a sustainable economic structure and nature-friendly business life.

### Atlas Readers Come Together

Atlas magazine continued to organize readers' meetings to draw attention to environmental issues, giving their support to the tea harvest in Rize, as well as to the pistachio nut harvest in Gaziantep via the "Pistachio Nut Abundance" campaign.

### Eco-Friendly Cars Pamukkale Project

In the Pamukkale region governed by the Denizli Governorship, AutoShow magazine organized a press tour entitled "Eco-Friendly Cars." The Denizli Governorship has decided to limit access to certain areas to only zero-emission cars, with the intention of protecting their cultural heritage and wild life. AutoShow's Eco-Friendly Pamukkale project is designed to support the Denizli Governorship by raising social awareness in this regard.

### Doğan Burda represents Turkey at Cannes Lions Festival of Creativity

The Cannes Lions International Festival of Creativity is the largest organization in its field, bringing together over 10,000 professionals in the communications, marketing and advertising sectors from across the world. Doğan Burda is Turkey's representative of this festival, supporting creativity and opening horizons for young creators. Doğan Burda carried out various activities to help develop creativity and the advertising industry in Turkey in 2012 and organized the Turkish eliminations of the "Young Lions" competition. It took ten young communications professionals to the international festival to represent Turkey.



### **SUSTAINABLE BUSINESS MODEL FROM DOĞAN ORGANİK**

Established in 2002 with a view to turn Kelkit and its environs into a hub for organic milk production and livestock breeding, Doğan Organik Ürünler is today Turkey's largest organic milk producer with around an annual milk production of 10,000 tons.

The main livelihood in Kelkit is conventional livestock breeding. Prior to 2002, livestock breeding was carried out with informal and outdated methods. Not enough value was created for the national economy and the region's young population migrated to the large cities. Doğan Organik Ürünler embarked upon efforts to prevent migration by resolving the employment issue in the region, raise the awareness of locals, organize and employ them, integrate the region to the economy, offer end-users top quality organic animal products, leave productive lands to the future generations and create a proven, sustainable model for Turkey's agricultural economy.

Kelkit Basin was designated by the Ministry of Food, Agriculture and Animal Husbandry as a pilot zone in Turkey for organic agriculture. The foundations of the Kelkit Organik Süt Sığırcılığı İşletmesi were laid in 2002 and it opened its doors in 2003. In 2005, the Company received an organic production certificate from a certification and control firm (IMO) accredited in the EU and offered to the Turkish market its very first organic milk in July 2005.

The milk production of the Company and its contracted farmers had increased significantly by 2011. As such, Doğan Organik Ürünler not only provided raw milk to the market but also started to offer processed dairy products to the consumers under the M Life brand, created by the national market chain Migros to market healthy and organic products.

Doğan Organik Ürünler is a pioneering and sustainable initiative in socio-economic development. The Company is a pioneer in that it has carried out the very first organic milk production in the country. It is also a sustainable enterprise, since its activities are in accordance with the basic economic

structure of a region which historically has been dependent on animal husbandry. This enterprise gave the local population of Kelkit a new vision in organic agriculture and livestock breeding, and made a significant contribution to regional growth and development.

Based on such an approach, Doğan Organik Ürünler's Kelkit Initiative was named one of the top 10 socially responsible investments in Europe by the European Union Directorate of Business Concerns in 2005. In 2006, Doğan Organik was honored with the Best Agricultural Investment award by the World Food Organization (FAO) on World Food Day.

In 2012, Doğan Organik Ürünler was granted the "Corporate Citizenship" award at the CSS Solutions Marketplace event organized by Turkish Association of Corporate Social Responsibility (TKSSD). Aside from this award, the Company also received the Jury's Second Prize granted by a Selection Committee comprising experts from the national partners of CSR Europe, UNDP and international CSS specialists.



# Human Resources

Doğan Holding implements a number of HR initiatives designed to help employees maximize their potential.



Doğan Holding is fully aware that its strong and competent workforce is the main factor underlying its achievements in its business lines. Accordingly, the Holding does its utmost to maximize employee satisfaction and to implement modern day human resources policies in the best manner.

One of the Holding's main objectives is to ensure the continuity of the personal and professional development of employees, and thus to create a well-educated and dynamic workforce capable of taking initiatives.

At Doğan Holding, everyone enjoys equal rights, and no employee is discriminated against based on individual differences such as race, nationality, religion, gender or belief. Holding and Group companies strive to create and preserve a work environment based on equality. The entire management team and all human resources departments expend efforts and take responsibility to achieve this target.

In line with common values and strategies, the human resources activities of Doğan Holding and Group companies are divided into the four main categories of human

resources planning, work analysis based on roles and responsibilities, training and performance and compensation management. These processes are managed with due consideration of sector-specific and local differences.

## **Accurate Recruitment Strategies**

Doğan Holding believes that recruitment strategies are key to corporate success. The Holding selects its human resources with due consideration of candidates' training, experience, career targets and expectations, the qualifications required by the position and the requirements of the Company. The Group makes sure to recruit individuals who are lenient to teamwork, keep a close watch on developments in Turkey and the world, and are open to innovation.

## **To Sustainable Success with Continuous Training**

In order to implement the group vision that it has designated, Doğan Holding supports its employees to help them realize their full potential.

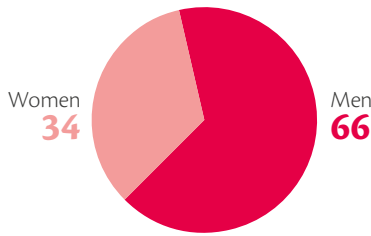
To this end, the information, skills and know-how necessitated by the employees are identified and personal and professional training programs are organized accordingly. Such requirements of all the companies under the roof of the Group are evaluated every year and an annual training program is prepared. The program also helps enhance the Group's internal communications. The training program features a number of subjects such as personal development, technical issues, development of managerial skills, law, digital marketing and social media. In addition, solutions designed specifically for individual companies also help enrich the training programs of Group companies.

## **Investing in the Future with the Doğan Talent Project**

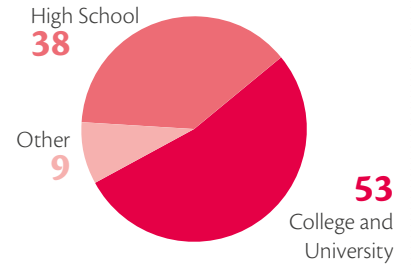
The Doğan Talent Project put into practice in 2012 aimed at recruiting successful new graduates to the Group and embraces in them the Group culture. The Project included the entire Group.



#### Doğan Holding Human Resources Profile (%) (In Turkey)



#### Education Profile (%)



technical excursions and conversations with experts were organized so as to introduce the new employees to the corporate culture and business processes. In addition to all of these, with a view to enhance the teamwork skills and corporate loyalty of the young individuals joining the Doğan Holding Family, and to encourage them to conduct research in business and social responsibility activities, "Project Studies" were organized under the voluntary mentorship of the managers of the Holding and Group companies. These studies were presented to the senior management of the Holding and Group companies by these young talents and their project mentors.

The professional development of the new graduates recruited under the Doğan Talent Project is continuously monitored and assessed by the HR units.

#### Target Continuity through Strategy Meetings

Strategy meetings are two-day long events including an overnight stay, designed to identify the targets of Doğan Holding and set forward-looking strategies. The participants include Board Members and senior managers. Strategic road maps are prepared at the main meeting. Later on, subsequent meetings focus on issues such as Corporate Reputation and Communications, Energy and Media activities take place.

#### Preparing for Business Life with Internship Programs

With the belief that internships play a key role in preparing youngsters for business life, Doğan Holding offers high school and university students internship opportunities at Group companies. During internships in Group companies, young individuals get the chance to learn about business processes in various departments and how to support these activities. In 2012, contracted universities, the Turkish Education Foundation, the Aydın Doğan Foundation

Communication Award and Long-Term Internship Program allowed a total of 100 students to complete internships at Doğan Holding and other Group companies.

Aydın Doğan Foundation organizes annually the Young Communicators Competition among media schools to contribute to the education of well-qualified media employees and recruits successful candidates as interns. Accordingly, in 2012, a total of 68 students had the chance to benefit from internships at Doğan Yayın Holding companies.

In 2012, the Holding initiated the Long-Term Internship Program. In this scope, third-year students majoring in Business Administration, Economic and Industrial Management and who are fluent in English were included in a special development program.

These intern students were employed in the Holding's departments such as Financial Affairs, Business Development, Investor Relations, Human Resources, Information Systems and Corporate Communications.

#### Doğan Holding's Human Resources Profile

As of December 31, 2012, 9,677 employees out of Doğan Holding's total workforce of 13,750 are employed in Turkey. Some 34% of the staff employed in Turkey are women and 53% of them are university graduates.

As of December 31, 2012, 53% of Doğan Holding's personnel in Turkey are in the 22-33 age groups, giving the Company a young employee profile.

#### Number of Employees (Age) (In Turkey)

24 and under	1,657
25-30	2,721
31-38	2,997
39-48	1,731
49 and over	571

Around 3,600 new university graduates applied for the Doğan Talent Project. The initial elimination was carried out by the HR managers of Doğan Holding and Group companies. Afterwards, IQ and English aptitude tests were held among a total of 317 candidates in Istanbul and Ankara. 134 candidates who passed the tests were invited to job interviews. Upon the completion of the selection process, 32 individuals were recruited by Doğan Holding and Group companies in departments such as Business Development, Financial Affairs, Information Systems, Energy, Strategic Planning, Sales and Marketing, Social Media, Advertisement/Advertisement Sales, Product Management, Technology Development, Foreign Acquisitions and Revenue Management to be placed in convenient positions.

The newly recruited graduates received two weeks of in-house and outside training in personal development and skills development as part of the orientation programs designed by HR departments. In addition to these training programs,

# Remuneration Policy and Benefits

Annual salary increases of employees are determined periodically and all employees are provided with fringe benefit packages based on their career bands.

At Doğan Holding the remuneration policy is reviewed regularly in order to reflect the prevailing market trends and to recognize the outcomes of the performance evaluation system. The Company's policy is equal pay for equivalent work while respecting market conditions, so as to establish a remuneration policy based on not individuals but job definitions. This philosophy is translated into practice across all Group companies. Annual salary increases of employees are determined periodically as deemed necessary by the employer and they are reflected in paychecks after the approval of the Holding's CEO. In addition to the compensation policy, all employees are provided with fringe benefit packages based on their career bands.

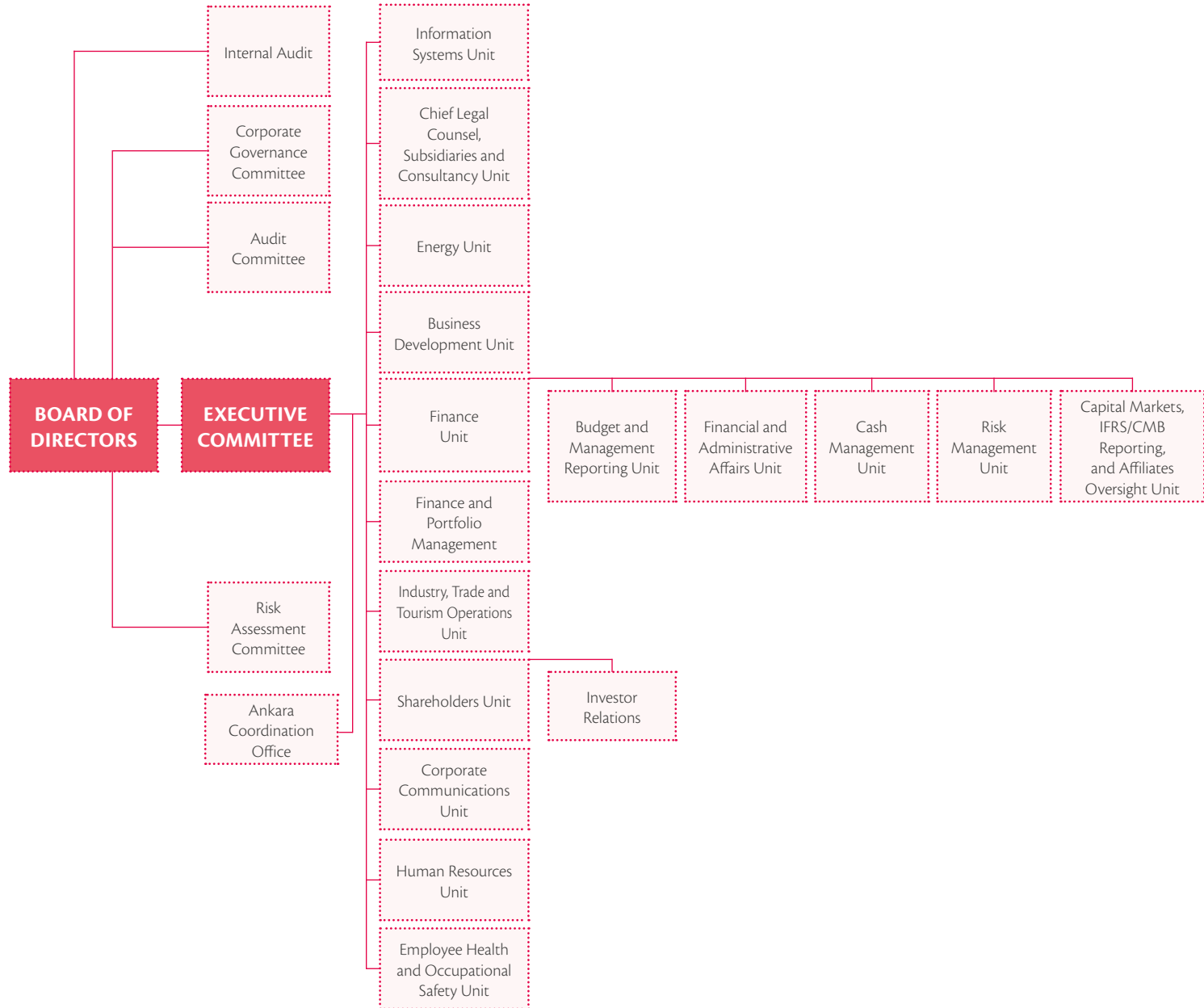
All salaries, benefits and advantages provided to the members of the Board of Directors are decided at the Company's General Assembly meeting every year. The members of the Board of Directors who have executive duties in the Company, in addition to the "attendance fee" they receive for serving as Board members, may also be provided with a monthly salary and related fringe benefits for the tasks they perform within the Company. Senior executives and other personnel who carry out management tasks may also deserve "bonus" or "rewards" based on their performance.

## Payments made to key management personnel (TL thousand)

Doğan Holding has designated the Members, Chairperson and Deputy Chairperson of the Board of Directors, General Legal Counselor, Directors and other similar management-level employees as key management personnel. The benefits provided to the key management personnel consist of salary, bonus, health insurance, communication and transportation; the sum of all benefits provided to such key management personnel is disclosed below.

	2012	2011
Salaries and other short term benefits	19,842	13,683
Post-termination benefits	-	-
Other long term benefits	-	-
Termination-related benefits	-	-
Stock-based compensation	-	-
<b>Total</b>	<b>19,842</b>	<b>13,683</b>

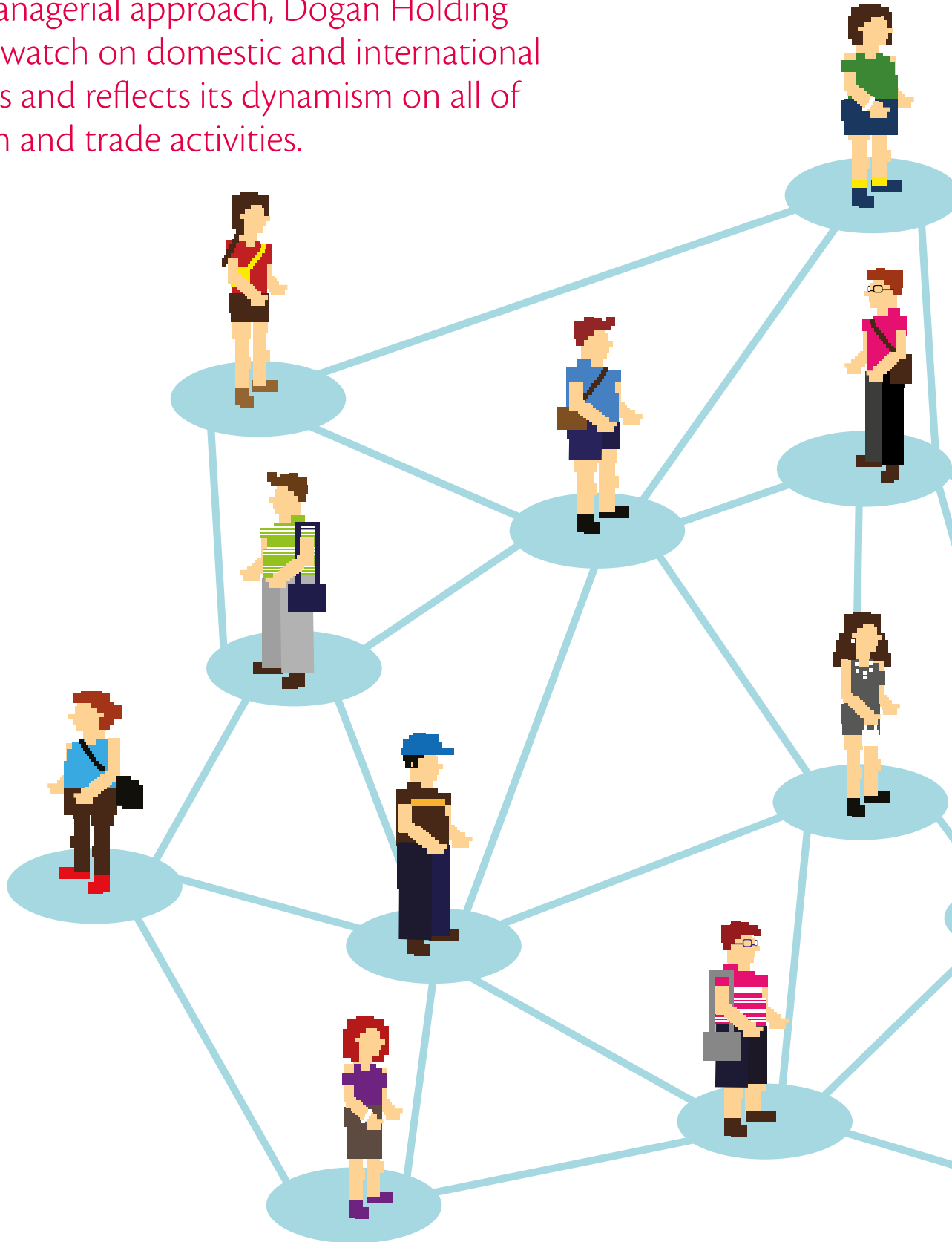
# Organization Chart

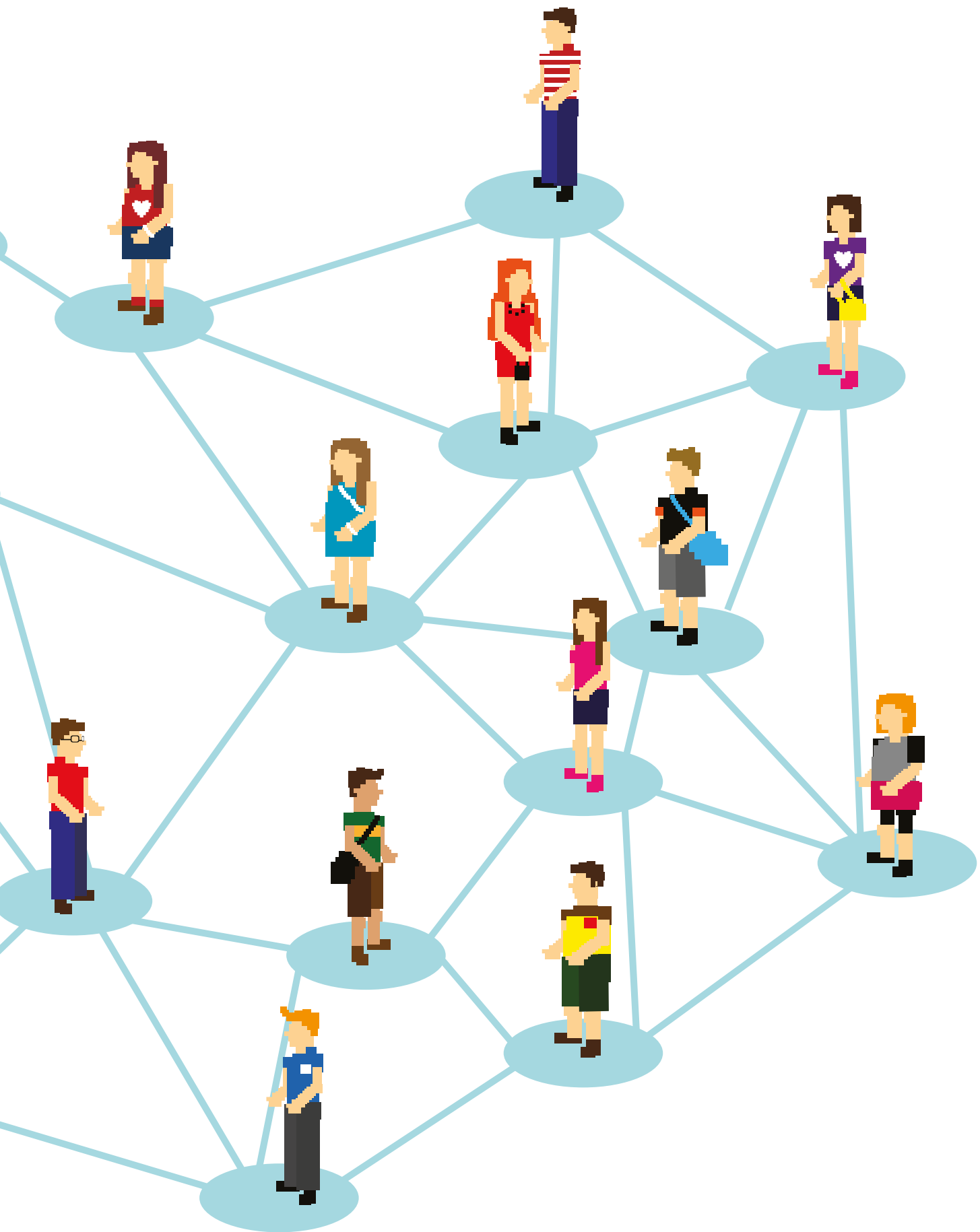




# Corporate Governance

With its competent management team and innovative managerial approach, Doğan Holding keeps a close watch on domestic and international developments and reflects its dynamism on all of its production and trade activities.





# Board of Directors



## **AYDIN DOĞAN** **Honorary President**

Born in Kelkit in 1936, Aydın Doğan attended elementary and secondary school in Kelkit and finished high school in Erzincan. From 1956 to 1960, he attended the Istanbul Economy and Commerce Academy. In 1959, he registered with the Mecidiyeköy Tax Office and launched his professional career, trading with sectors including transportation, construction, automotive, commercial vehicle and construction machinery.

In 1961, Mr. Doğan established his first private company, laying the groundwork for Doğan Holding. After conducting wholesale trade until 1970 with this company, Mr. Doğan founded his first industrial company in 1974. In the following years, he joined both the Assembly and the Administrative Board of the Istanbul Chamber of Commerce and served as a Board Member of the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

With the acquisition of the daily newspaper Milliyet, in 1979, Mr. Doğan became a publisher. Today, he is the doyen of national newspaper owners. Between 1986 and 1996, he served as the head of the Association of Turkish Newspaper Publishers. At the World Association of Newspapers (WAN) conference, held in Tokyo in 1998, Mr. Doğan became the first Turkish person to be selected Deputy Chairperson of the Association. In 1999, he was awarded Turkey's Outstanding Service Medal by the Turkish Government for his domestic and international achievements. He established the Aydın Doğan Foundation in 1996, consolidating the social, cultural and educational activities of the Doğan Group under one organization. He received four honorary doctorates in 1999, 2000, 2001 and 2005 respectively, from Girne American University, Aegean University, Baku State University, and Marmara University.

From his first company with three employees in 1961, Aydın Doğan has built one of Turkey's leading groups, providing a vast range of services in fields such as the media and energy, with nearly 25,000 employees in direct subsidiaries, domestic and overseas strategic alliances and commercial representative offices. Doğan Group of Companies continues to add value to the Turkish economy with a rich range of products scattered across a wide geographic area. Doğan Holding's Honorary President Aydın Doğan is married with four children and seven grandchildren.



## **Y. BEGÜMHAN DOĞAN FARALYALI** **Chairperson <sup>(1)</sup>**

Born in Istanbul in 1976, Begümhan Doğan Faralyalı received her BSc in Economics and Philosophy at the London School of Economics. She began her professional career as a consultant at the NY Office of Arthur Andersen, and then moved to the London office of Monitor Group, where she worked as a consultant for restructuring projects involving some of the most advanced European media and technology.

After earning her MBA degree at Stanford University in 2004, she took office at Doğan Yayın Holding (DYH) as an Executive Committee Member and Vice President for Overseas Investments. There, in charge of the international growth of DYH, she focused on investment opportunities mainly in Europe, including Eastern Europe and Russia.

In 2007, Ms. Faralyalı led the startup process of Kanal D Romania, the first foreign television investment of DYH, and forged its partnership with the Swiss Ringier Group. In two years, the channel managed to rank third overall in total day viewership. At the same time, she worked on the purchase of Trader Media East, traded on the London Stock Exchange, by Hürriyet. Begümhan Doğan Faralyalı played an active role in this project constituting the largest international acquisition by DYH.

After gaining 15 years of overseas experience, she moved back to Turkey in 2009 and became CEO of Star TV. In 2010, she assumed the Presidency of Doğan TV Holding, which also included TV channels Kanal D and CNN Türk. In addition to her role as Chairperson of Kanal D Romania, she has also become Chairperson of Doğan Holding as of January 1, 2012. She is married with two children.



## **HANZADE V. DOĞAN BOYNER** **Vice Chairperson <sup>(2)</sup>**

Hanzade Doğan Boyner is the leading personality in Turkey's online and digital world. As one of the pioneers of e-commerce in Turkey, she founded and led Hepsiburada.com to become the biggest on-line retailer in the region.

As a member of a family that has extensive media interests in Turkey and abroad, she has a wide range of vision from energy to media, on-line businesses to social initiatives. She is currently the Chairwoman of Doğan Online and Doğan Gazetecilik – which includes Posta – the highest selling daily newspaper in Turkey. She also serves as the Vice Chairperson of Hürriyet Newspaper, Doğan Burda and Doğan Holding.

Hanzade Doğan Boyner is actively involved in various non-profit, business and trade organizations. She is the founding member and Vice Chairwoman of Global Relations Forum and serves as the Vice President of World Association of Newspapers. She is also an active participant in several think tanks including the Brookings Institute International Advisory Council, European Council on Foreign Relations, Foreign Economic Relations Board, Association of Turkish Businessmen and Industrialists, Young Presidents' Organization and Association of Woman Entrepreneurs.

A philanthropist, Hanzade Doğan Boyner established and still enthusiastically leads the "Dad Send Me to School" campaign that aims to remove economic and cultural barriers in young female education in Turkey. The campaign already granted 10,500 scholarships and built 33 girls' dormitories across Turkey.

Ms. Doğan-Boyer is a graduate of London School of Economics, has received her MBA from Columbia University and serves on the Columbia Business School Board of Overseers.

<sup>(1)</sup> Arzuhan Doğan Yalçındağ resigned from her role as Board Member on December 31, 2011 and was replaced by Yaşar Begümhan Doğan Faralyalı on January 1, 2012.

<sup>(2)</sup> Valid as of the same date, Hanzade Vasfiye Doğan Boyner has been serving as Vice Chairperson.

<sup>(3)</sup> Arzuhan Doğan Yalçındağ served as Chairperson in the period from January 1, 2010 until December 31, 2011.





### ARZUHAN DOĞAN YALÇINDAĞ

#### Board Member <sup>(3)</sup>

Since the beginning of her professional life Arzuhan Doğan Yalçındağ has been involved in initiating new projects. In 1990 while working with Milpa brought German mail order company Quelle to Turkey and headed the company until 1993. In 1994 she took part in the establishment of Alternatifbank and served as a board member. A year later she became the CFO of Milliyet Magazine Group. She joined Kanal D in 1996 and was in charge of various departments. One of her major accomplishments was launching of CNN Turk in 2000 which was the result of the negotiations she initiated in 1999 Time Warner Group.

In 2005, she became CEO of Doğan TV Holding, parent company of Kanal D, CNN Turk, DMC, D Production, DSmart satellite platform and radios. While at this post, in 2007 she was elected as the first female chairperson of the country's leading business organization, TUSIAD - Turkish Industrialists' and Businessmen's Association in the organization's 40 year- history. She kept this position until 2010, and then moved to become a member of the TUSIAD's Council of Presidents.

After leaving the chair of TUSIAD, she took over the chair of Dogan Holding from her father, founder of the company, started the era of second generation. She was one of the founding members of Aydın Doğan Foundation in 1996 served on its board until today, and as the chairperson between 2011 and 2012.

Then Foreign Minister, now President H.E. Abdullah Gul appointed her as a goodwill ambassador of Turkey to EU and with this capacity Arzuhan Doğan Yalçındağ launched "Women's Initiative for Turkey in the EU". As she was selected a Young Global Leader by the World Economic Forum in 2005, she was among the founding members of Women Entrepreneurs Association of Turkey (KAGIDER). She also served on the board of the Turkish Education Volunteers Foundation (TECV) between 2002-2006. She also was a founder of the Turkish-American Businessmen Association (TABA) in 1987 and served as a board member. She was one of the founders of the Turkish Third Sector Foundation. She is a founder and a board member of Istanbul Modern Art Museum since January 2004.

She is also on the International Advisory Council of Paley Media Center in New York and Expo 2015 Milano. She was awarded the title of Commander of Italy's Star Order (Commendatore dell'Ordine della Stella d'Italia) in 2009. She is also a World Economic Forum's Industry Partner of Media, Entertainment and Information (MEI) Industry Strategy Group.

Currently, Arzuhan Doğan Yalçındağ is the Chairperson of Doğan TV Holding.

She is married with two children.



### VUSLAT DOĞAN SABANCI

#### Board Member

Vuslat Doğan Sabancı is appointed as President of Board of Directors of Hürriyet on 26th of May, 2010.

In January 2004, she was appointed as President of Executive Committee of Hürriyet. As a top executive of the Company, she was responsible for trading strategy and management of the Company.

During the recent 4 years she worked as President of Executive Committee, Vuslat Doğan Sabancı managed the Company in tandem with a global trading perspective and further reinforced the assets of Hürriyet through acquisitions in the developing media markets. In addition to such initiatives, she upgraded the Company to a competitive level in the new media world through successful online projects. Throughout her term of office, the social existence of Hürriyet is also strengthened through social responsibility campaigns.

Included among the aforementioned initiatives are:

Acquisition of Trader Media East, the most successful online and printed advertisement means of Russia, Commonwealth of Independent States and other countries in the region.

Pioneering the opening of internet website of Hürriyet, thereby initiating and strengthening Hürriyet online version, and making it number-one internet website with Turkish contents.

Opening of online classified ads websites in this new and developing field so as to upgrade and develop Hürriyet also in real estate and automobile advertisements market. Strengthening the existing papers included in Hürriyet portfolio, such as Hürriyet Daily News, and launching Referans paper for business world.

Starting a campaign against domestic (family) violence and another campaign for impressing the human rights idea upon the Turkish people with a view to spreading the democracy to a wider base.

Creation of some certain procedures for institutionalization of internal activities of Hürriyet and for making the management of daily business affairs more objective.

In spite of macroeconomic difficulties caused by the national economy, Hürriyet recorded a material growth under management of Vuslat Doğan Sabancı. Hürriyet stocks became one of the most preferred and looked for stocks of foreign investors in Istanbul Stock Exchange.

Vuslat Doğan Sabancı has participated Hürriyet newspaper as the Vice President – Advertisements in 1996. When she was promoted to Marketing Operations Group Head post of the newspaper three years after, her duties and responsibilities extended to marketing, sales, human resources and Information Technologies (IT) as well.

Before participating Hürriyet, Vuslat Doğan Sabancı worked in the editor-in-chief's office in The New York Times for one year, and thereafter, she contributed to establishment of Asian Business World News Channel and Latin America Edition of The Wall Street Journal.

Vuslat Doğan Sabancı is graduated from Faculty of Economy in Bilkent University, and continued her education in Columbia University, New York and is awarded a postgraduate diploma in the International Media and Communications field therein.

Vuslat Doğan Sabancı is an honorary board member of the Vienna-based International Press Institute of which she served as vice president until 2008. Ms. Sabancı is also Member, Executive Board, Endeavour Turkey.

She is married with two children.

# Board of Directors



## **YAHYA ÜZDİYEN** **Executive Director <sup>(1)</sup>**

Born in 1957, Yahya Üzdiyen graduated from the Department of Business Administration at Middle East Technical University in 1980. Between 1980 and 1996, he worked as a trade and investment specialist and manager in several privately owned companies in Turkey and abroad.

Between 1997 and 2011 he assumed the position of Strategy Group President at Doğan Holding and became Deputy Chairperson on January 18, 2011. During this period, he played an important role in the acquisition, partnership and sale of Group companies, such as POAŞ, Ray Sigorta and Star TV. Presently acting as Board Member in many of the Group companies, Mr. Üzdiyen has served as Doğan Holding's CEO since January 24, 2012.

Yahya Üzdiyen is married with two children.



## **İMRE BARMANBEK** **Board Member**

Born in 1942, İmre Barmanbek graduated from the Faculty of Political Science at Ankara University with a degree in Economics and Finance. She started her career as Assistant Tax Inspector at the Tax Inspectors Board of the Ministry of Finance where she later became Tax Inspector. From 1969 to 1972, she worked as Planning Specialist in Incentive Implementation at the State Planning Organization and later returned to her post at the Ministry of Finance. From 1975 to 1977, she served as a member of the Tax Appeal Commission.

Following her successful career with the Ministry of Finance, she began working in the private sector. She joined Doğu Akü, a joint enterprise between the Koç and Doğan Groups, as Treasurer and was later promoted to General Manager. Continuing her professional career as Financial Coordinator at the Doğan Group, Ms. Barmanbek became Chief Financial Officer in 1998. From 1999 to 2003, she served as the General Coordinator and Chief Executive Officer of the Group.

Her dynamic management style and the importance she places on value-added growth in the Doğan Group brought her the "Best Woman Manager of the Year" Award from Dünya newspaper in 2001. She was named among Fortune's "Most Powerful Business Women" two years in a row, in the 33<sup>rd</sup> place in 2001 and 22<sup>nd</sup> place in 2002. Besides, Barmanbek was also included in the FORBES magazine's "The 100 Most Powerful Women of the Year" list. After serving as Vice Chairperson of Doğan Holding from 2003 until 2012, Barmanbek has been a Board Member since August 2012.

İmre Barmanbek is married with one child.



## **ERTUĞRUL FEYZİ TUNCER** **Independent Board Member**

Ertuğrul Feyzi Tuncer was born in 1939. He received his BA in Business Administration and Economics from Robert College in 1964. Later, he obtained an "Executive Management" certificate from University of Stanford.

He started his professional career in 1967, as Regional Director and Director of Investments at Mobil Oil Türk A.Ş. and eventually became General Manager in 1990. In 1994, he served as Chairman at ATAŞ Anatolian Refinery, and then became General Manager of BP Mobil Turkey Joint Venture.

In 2000, he resigned from both of these positions to continue his career as General Manager and Board Member at Petrol Ofisi A.Ş. In 2005, he became Board Member at Doğan Holding. In 2006, at Tuncer Consulting Services and Trade, he became the founder and partnership manager of CASE Consulting Energy.

<sup>(1)</sup> Yahya Üzdiyen was appointed Board Member as of January 18, 2011 and assumed the position of Vice Chairperson as of the same date.



**TAYFUN BAYAZIT**  
**Independent Board Member**

Tayfun Bayazit received his Bachelor's Degree in Mechanical Engineering in 1980 and then graduated from Columbia University with a master's degree in Finance and International Relations in 1983. Mr. Bayazit began his career with Citibank.

In 1999, he was appointed Deputy Chairman of Doğan Holding and Managing Director of Dışbank. Leaving his position at Doğan Holding in April 2001, he became Chief Executive Officer (CEO) of Dışbank, a member of the same corporate group. In 2003, Mr. Bayazit was elected Chairman of the Bank. When Fortis acquired a majority stake in Dışbank in July 2005, he was appointed CEO of Fortis Bank and also became a member of Fortis Global Executive Committee. At a general assembly of the Bank in May 2006, he was elected Chairman of its Board of Directors.

In 2007, he returned to Yapı Kredi (a joint venture of UniCredit and Koç Group) as Managing Director and General Manager, and later became Chairman in 2009.

In August 2011, he resigned from Yapı Kredi to establish the company Bayazit Danışmanlık Hizmetleri, where he currently serves as President.

A Board Member at Turkish Businessmen and Industrialists Association (TÜSİAD), Mr. Bayazit also plays an active role in such NGOs as Turkish Education Volunteers Association (TEGV) and Turkish Corporate Governance Association (TKYD).



**ALİ AYDIN PANDIR**  
**Independent Board Member**

Born in 1956 in Istanbul, Ali Aydın Pandır graduated from St. Georg Austrian High School in 1975. He completed his undergraduate studies at Istanbul Technical University, Department of Mechanical Engineering in 1980.

Following graduation, Mr. Pandır started his professional career in 1980 at Tekersan Firması, as Design Engineer, before becoming Workshop Manager at the same firm. In 1990, he joined General Motors as Director of After-Sales Services and played an active role in the establishment of Opel's Turkish service and spare part distribution network. Serving Adam Opel and General Motors as Director of International After-Sales Services, Pandır managed after-sales support and spare parts services for Opel vehicles across Eastern Europe, Asia, the Middle East, Africa and South America.

As GM's Director of New Vehicle Projects, Ali Pandır established spare parts distribution systems in India, Thailand, Taiwan, Japan and People's Republic of China, so as to expand the Company's sales and distribution network in the Asia-Pacific region. After assuming this critical role, he led the way in establishing the outsourced spare parts distribution concept at GM Group, through various practices in developing countries. He created a spare parts distribution network in the People's Republic of China for new GM joint ventures. Mr. Pandır also established GM Storage and Commerce Company at the Shanghai Free Trade Zone and took office as CEO of the said firm. As GM's Asia-Pacific Regional Director, he set up a spare parts distribution and supply chain system across the Asia-Pacific region. In addition to these duties, he also assumed the title of GM Supply Chain Council Member and served as Board Member at TLİ, a joint venture by Singapore National University and Georgia Tech USA Logistics Institute. He played a key role as the Director in charge of the sales, marketing and distribution of GM cars and spare parts by GM's commerce and Distribution Company in Singapore across the entire Asia-Pacific region. As GM's President of Indonesia, he managed the restructuring and consolidation of GM's business in

Indonesia, and established a joint venture with various local Asian partners to produce and distribute commercial and passenger vehicles.

For five years Ali Pandır served as CEO of Tofaş, Turkey's largest auto manufacturer and market leader, a joint venture of Italian Fiat Group and Turkish Koç Group, and managed to increase Tofaş's production capacity from an annual 250 thousand to 400 thousand.

Currently Mr. Pandır is Country President at Fiat SpA, Board Member at faş (Fiat JV), Türk Traktör (CNH JV), Iveco and Magneti Marelli Türkiye, representative at Fiat SpA (Fiat/Chrysler) and Fiat Industrial (Iveco/CNH), New Business Development Officer at Fiat and Fiat Industrial, Independent Board Member at Prysmian Türkiye (cables) and Ghabbour Egypt (automotive). He is fluent in English and German.



# Executive Committee



## **YAHYA ÜZDÜYEN**

### **President**

Born in 1957, Yahya Üzdüyen graduated from the Department of Business Administration at Middle East Technical University in 1980. Between 1980 and 1996, he worked as a trade and investment specialist and manager in several privately owned companies in Turkey and abroad.

Between 1997 and 2011 he assumed the position of Strategy Group President at Doğan Holding and became Deputy Chairperson on January 18, 2011. During this period, he played an important role in the acquisition, partnership and sale of Group companies, such as POAŞ, Ray Sigorta and Star TV. Presently acting as Board Member in many of the Group companies, Mr. Üzdüyen has served as Doğan Holding's CEO since January 24, 2012.

Yahya Üzdüyen is married with two children.



## **SONER GEDİK**

### **Member**

Soner Gedik was born in 1958 in Eskişehir. He studied Economics and Finance in the Faculty of Political Sciences at Ankara University. Having successfully passed the placement test in 1981, he joined the staff of tax specialists at the Ministry of Finance where he was later promoted to Tax Inspector in 1985 with the highest degree of the period. He worked as a public servant for six years, auditing leading private and public companies and honing his skills and expertise in finance. In 1987, he joined the Finance Department of Hürriyet Holding A.Ş. to serve as Financial Consultant to the President of the Group Executive Board. From 1989 to 1998, he served as a Board Member and the Vice President of Hürriyet Gazetecilik A.Ş. He played a key role in the founding of Doğan Yayın Holding in 1998 and continued his contributions as CFO and Vice President.

Presently, he serves as Executive Committee Member of Doğan Group of Companies and Vice Chairperson at Doğan Yayın Holding A.Ş. Soner Gedik is married with four children.



## **AHMET TOKSOY**

### **Member**

Ahmet Toksoy was born in 1959 in Istanbul. In 1981, he graduated from the Department of Finance, Faculty of Management at Istanbul University. After his position as auditor at the Ministry of Finance from 1984 to 1989, Mr. Toksoy joined Hürriyet Holding as a Member of the Audit Committee. After serving as Assistant Finance Manager at Hürriyet newspaper from 1990 to 1991 and Finance Manager from 1991 to 1995, he worked as a Certified Public Accountant at Aktif Denetim Yeminli Mali Müşavirlik for three years. In 1998, he took a post at Hürriyet Newspaper as Financial Affairs Group President and served in this position for many years (1998-2009) until he was appointed the President of Audit and Risk Management of Doğan Holding at the beginning of 2010. Presently a Board Member of Doğan Gazetecilik, Çelik Halat, Ditaş, Milta and other Group companies, Mr. Toksoy has served as CFO since September 2011. Ahmet Toksoy is married with one child.

# Internal Audit and Control

Following restructuring, the Internal Audit and Internal Control processes are regularly reviewed under the responsibility of the Vice Presidency of Audit in an impartial, independent and transparent fashion. An active communication flow is maintained among Audit Committee, Corporate Governance Committee and Board of Directors. In this regard, the actions suggested by the Vice Presidency of Audit and approved by the Board of Directors are put into practice by the Executive Committee.

During the year, the Vice Presidency of Audit carried out fixed asset and inventory counts, liquid assets checks and tests, expenditure, cost and productivity analyses; made suggestions as to the advancement of intra-Group synergy; followed up measures taken by Group companies -all with a view to preserve the Company's assets and improve the internal control activities in this field.

During this process, information, interaction and communication was continuously shared with all departments, and planning, coordination, experience transfer, and field work concerning the internal audit and control processes of Doğan Yayın Holding companies was continued as in every year.

The targets for 2013 include focusing on audit and supervision activities especially in information systems, updating the internal audit manuals in line with COSO/COBIT standards, and standardizing existing procedures.

# Risk Management

In an effort to minimize and manage risks specific to the industries in which Doğan Holding is active, members of the Executive Committee, senior executives and department managers were administered training on applicable regulations.

Within the scope of its risk management policies, Doğan Holding defines and measures fiscal, operational and compliance risks as well as financial risks, in addition to providing recommendations to Group companies according to available data. The Holding's Finance Division is responsible for the management of fiscal, operational and compliance risks while financial risks are handled by the Vice Presidency of Finance and Portfolio Management.

## **Fiscal, Operational and Compliance Risk Management**

Efforts for defining, identifying and monitoring the risks that the Group companies are exposed to, as well as risk management activities for controlling and mitigating such identified risks are performed under the coordination of the Holding's Finance Division in conjunction with the senior management of the Group companies.

In an effort to minimize and manage risks specific to the industries in which Doğan Holding companies are active, members of the Executive Committee as well as other senior executives and department managers were administered training on applicable regulations. Consequently, risk perception was instilled and risk awareness was created at all levels of the Company. In addition, the project to put in place early warning systems for fiscal and operational risks using information systems tools is also ongoing.

The management of tax, commercial law and capital markets compliance risks, which are a major component of fiscal, operational and compliance risks, is carried out under the coordination of the relevant Vice Presidents of the Holding's Financial Affairs Division by the Audit and Risk Management

units, with the occasional support of audit and certified public accounting firms. Group companies are constantly monitored against risks with such audit and control activities.

As per Article 378 of the Turkish Commercial Code (Law No. 6102), Doğan Holding Board of Directors has set up a Risk Assessment Committee with a view to detecting as early as possible all the risks which could jeopardize the presence, 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.

## **Financial Risk Management**

Due to its activities, Doğan Holding is subjected to a range of risks such as credit risk, market risk (foreign currency, interest risks, price) and liquidity risk. Financial risk management aims to minimize the adverse effects caused by the variability of the financial markets on the fiscal 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 conditions of the Group Companies and limiting the volume of derivative liabilities.

Financial risk management is conducted by individual subsidiaries and affiliates subject to joint management, within the framework of the general guidelines set by the Board of Directors.

The Centralized Treasury System enables the daily market values (including options and forward transactions) of any financial instrument to be calculated. Adopted in 2011, this system allows for the follow-up of financial risks and the management of assets and liabilities. With the financial risk management system, foreign currency and interest risks are calculated according to market yield curves and reported on a daily basis. The Centralized Treasury System also features the portfolio management software, which helps report the financial cash flow and portfolio efficiency on a daily basis for every company and for the whole Group.

## **Credit Risk**

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

## **-The Media**

The Group controls its credit risk primarily by credit assessment through its factoring firm and by assigning credit limits to counter parties, hence creating a data center. Credit risk is distributed due to the high number of organizations in the client-base and their distribution among diverse business fields.

## **-Other**

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



## Interest Rate Risk

### -The Media

The Group is subject to interest rate risk due to changes in interest rates, which affect its assets and liabilities sensitive to interest rates. The Group manages this risk by the limited utilization of derivative instruments and the natural measures generated by offsetting its assets and liabilities sensitive to interest rates.

### - Other

The financial liabilities of other departments of activity expose these to interest rate risk. The financial liabilities of such departments mostly consist of borrowing at variable interest rates.

## Liquidity Risk

Prudential liquidity risk management consists of keeping a sufficient amount of cash to meet short term payments, through short term deposits and securities that can be rapidly turned into cash; funding investments through sufficient credit facilities; and the ability to close market positions when necessary.

For each department of activity under the Group's umbrella, the risk concerning the funding of current and future borrowing requirements is managed by ensuring the continuous availability of a sufficient number of high quality credit providers.

## Foreign Currency (Exchange) Risk

Döviz kuru riski, döviz cinsinden borçlu The Group bears foreign currency risks related to changes in exchange rates as a result of conversions of foreign currency debt amounts to the functional currency. These risks are monitored and limited through foreign currency positions analysis.

The Group is mainly subject to foreign exchange risks in terms of US dollars and euros, and the impact of other currencies is negligible.

TL thousand	December 31, 2012	December 31, 2011
Assets in foreign currency	2,950,154	3,448,658
Liabilities in foreign currency	(3,223,186)	(3,043,140)
The net asset position of derivative instruments outside the balance sheet	47,586	72,460
<b>Net foreign exchange position</b>	<b>(225,446)</b>	<b>477,978</b>

## Capital Risk Management

Doğan Holding's capital risk management efforts are aimed at providing return to its partners and benefit to other shareholders, and accordingly, maintaining the optimal capital structure ideal for the Group's activities. The Group can issue new shares to preserve or reorganize its capital structure and sell assets to decrease its borrowing levels.

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

The Group monitors its capital through the ratio of net liabilities/total capital. The net liabilities are calculated by subtracting liquid assets, derivative instruments and tax liabilities from total liabilities. Total capital is calculated by adding Shareholders' Equity and net liabilities, as shown in the consolidated balance sheet.

## Legal Risks

There are no lawsuits filed against Group companies, which could jeopardize the continuity of their activities or damage their financial structure. The legal disputes and cases related to the activities of Group companies are monitored by the attorneys at the Legal Affairs Department under the umbrella of Doğan Group of Companies, in a centralized fashion. As such, attorneys specialized in various areas of law can

offer their services to all the subsidiaries of the Group. Besides, this centralized legal apparatus also provides consultancy services to the Group and its subsidiaries, and coordinates the purchase of services from outside legal experts.

## Information Technology Risks

The procurement, production, sales and accounting processes across Group companies are managed via applications and modules on an integrated information system (SAP), and the reports concerning these transactions are also produced through this system.

The Group keeps a close watch on technological progress, 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. In this regard, every year, Group companies identify the processes and activities they need with regards to IT, and accordingly the Group undertakes IT investments to meet these demands.

# Corporate Governance Principles Compliance Report

## DECLARATION OF COMPLIANCE WITH PRINCIPLES OF CORPORATE GOVERNANCE

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

The corporate governance rating score of Doğan Şirketler Grubu Holding A.Ş. that has been included into the ISE Corporate Governance Index since November 4th, 2009, was revised to 9.03 (90.31%) from 8.59 (85.89%) by SAHA Corporate Governance Rating Company ("Saha") licensed by the Turkish Capital Markets Board, with a report issued on November 5, 2012. The rating methodology utilized is based on the Corporate Governance Principles of the CMB.

In accordance with CMB's Council Resolution on the issue, the final rating score of 9.03 was made up of the following scores assigned per each main section according to certain weights, as determined after the 2012 rating process:

Shareholders	88.79
Public Disclosure & Transparency	95.36
Stakeholders	91.96
Board of Directors	83.76

This rating upgrade is considered to be an indication of the importance attached by Doğan Holding to corporate governance, its willingness to manage this process dynamically and continuously, and finally the improvements effected since the publication of the initial rating report. The Articles of Association was amended in order to keep abreast of recent changes in corporate governance and to comply with the CMB's regulations and resolutions, and approved as such by the Ordinary General Assembly.

The Corporate Governance Committee continues its efforts to improve the governance activities. The Company complied with the Corporate Governance Principles rendered obligatory by CMB's regulations and resolutions during the fiscal year that ended on December 31, 2012. We believe that under the current circumstances, the items in the Principles that we fail to fully comply with as of yet do not give rise to a major conflict of interest.

The Company's Corporate Governance Rating Report and Corporate Governance Compliance Report issued by Saha Kurumsal are available on the Company's website at [www.doganholding.com.tr](http://www.doganholding.com.tr).

Best regards,



**YAHYA ÜZDÜYEN**  
EXECUTIVE DIRECTOR AND CEO



**YAŞAR BEGÜMHAN DOĞAN FARALYALI**  
CHAIRPERSON

## PART I – SHAREHOLDERS

### 2. Shareholder Relations Unit

**2.1.** Exercise of shareholder rights is conducted in compliance with the relevant legislation, the Articles of Association and other in-house rules. All necessary measures are taken to facilitate exercise of these rights.

**2.2.** The Shareholder Relations Unit was established on March 18, 2009 to monitor relations between shareholders and the Company and to ensure that the requirements pertaining to shareholders' rights concerning access to information are fully met. The Shareholder Relations Unit functions in accordance with Capital Market Legislation and CMB regulations and the Articles of Association. The Unit's primary duties are as follows:

- a) To ensure that shareholder records are kept accurately, safely and up-to-date;
- b) To respond to shareholders' written requests for information about the Company excluding those that constitute a trade secret or privileged information;
- c) To ensure that the General Assembly meetings are held in accordance with relevant legislation, the Company's Articles of Association and other in-house rules;
- d) To prepare documents to be delivered to shareholders at General Assembly meetings;
- e) To keep the records of voting results and to ensure that all reports related to the resolutions are sent to the shareholders;
- f) To supervise and to oversee all issues concerning public disclosure to make certain that they comply with the current legislation in all respects and the Company's Public Disclosure Policy;
- g) To ensure capital markets compliance activities are carried out;
- h) To ensure that investor relations activities are conducted.

**2.3.** Murat Doğu is in charge of coordinating the Shareholder Relations Unit.

**2.4.** In the year 2012, the requests for information from shareholders or investors were answered in line with Capital Market Legislation and CMB regulations and resolutions; and relevant information and documents were delivered to shareholders in line with the principle of equality, with the exception of confidential data or commercial secrets. In this regard, the Unit held or participated in various analysts' meetings.

In order to provide information to institutional investors residing overseas, visits were organized in 2012 to London and New York, cities with the largest concentration of investors interested in emerging markets. In addition, meetings were organized in Istanbul with the intermediation of institutional investors to enable face-to-face interaction with corporate shareholders headquartered overseas.

Reporting to the Shareholder Relations Unit are the investor relations, legal affairs, and financial affairs staff. The Unit's manager is the Deputy President, Finance, Capital Markets, IFRS/CMS Reporting and Affiliates Oversight, Dr. Murat Doğu, whose his contact details are as follows:

Full Name	Title	Tel	E-mail
Murat Doğu	Deputy President, Finance, Capital Markets, IFRS/CMS Reporting and Affiliates Oversight	(216) 556 90 00	mdogu@doganholding.com.tr

At the Company's corporate website at [www.doganholding.com.tr](http://www.doganholding.com.tr), information about the Company is presented to shareholders in a regular and up-to-date fashion to in both English and Turkish.

**2.5.** Utmost care is taken to meet requests and comply with legal requirements and the Articles of Association. No written or verbal complaint reached the Company in 2012 concerning the exercise of shareholders rights, nor is the Company aware of any legal proceedings initiated against it in this regards.

### 3. Shareholders' Right to Obtain and Evaluate Information

**3.1.** The Company does not discriminate among shareholders on the issue of exercise of shareholders' right to obtain and evaluate information, including minority and foreign shareholders.

**3.2.** The information requests received from shareholders in 2012 were tried to be responded in a timely manner, as per Capital Market Legislation and CMB regulations and resolutions.

**3.3.** Presentations and financial information on developments about the Company, and all information which could affect the shareholders' exercise of their rights are made available in an up-to-date fashion on the Company's web site at ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

**3.4.** The Articles of Association currently do not recognize requests for the assignment of a special auditor as an individual right. Shareholders did not demand the appointment of any special auditors during the reporting period. However, depending on the legislative developments in the upcoming period, this right might be incorporated into the Articles of Association.

### 4. General Assembly Meetings

**4.1.** The Company's Ordinary General Assembly meeting on the activity results of 2011 was held on June 27, 2012 at the Company's headquarters, at the address of Burhaniye Mahallesi Kısıklı Caddesi No: 64 Üsküdar-Istanbul. Invitations to the meetings were published, as stipulated in the Company's Articles of Association, in the nationwide Posta newspaper and in the Turkish Trade Registry Gazette and announced on the PDP (Public Disclosure Platform) System.

**4.2.** Before the General Assembly meetings, the Information Memorandum, including meeting agenda and legal grounds of the agenda, the General Assembly Participation Procedure, outlining the procedure for participating in the General Assemblies, as well as information notes featuring the necessary notifications required by Capital Markets Board's Communiqué Series: IV, No: 56 on the Determination and Application of Corporate Governance Principles were presented to the shareholders. No request to include a new agenda item to the General Assembly Meeting was received from the shareholders. All announcements and notifications comply with the Turkish Commercial Code, Capital Markets Legislation, CMB regulations and resolutions as well as the Articles of Association.



# Corporate Governance Principles Compliance Report

**4.3.** The method of holding General Assembly meetings ensures attendance of the maximum number of shareholders. With a view to complying with the Turkish Commercial Code's provisions, an amendment to the Articles of Association will allow the General Assembly to be organized online. At the General Assembly where the accounts and activities of the year 2012 will be discussed, shareholders will have the chance to participate online. This action is in compliance with CMB's resolution dated February 1, 2013 and numbered 4/89.

**4.4.** 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.

**4.5.** General Assembly meetings are held at Company headquarters in Istanbul to facilitate the participation of shareholders.

**4.6.** The Company does not have any registered shares. All share certificates are dematerialized with the Central Registry System (CRS).

**4.7.** As regards the Ordinary General Assembly meeting, the Balance Sheet and Income Statement for the accounting period from January 1, 2011 until December 31, 2011, Board of Directors Annual Report, Board of Directors' dividend distribution proposition for the year 2011, the announcement text, reports by the Audit Committee and the independent audit firm, amendments to the Articles of Association, General Assembly Participation Procedure, General Assembly Information Memorandum and Proxy Voting Form, as well as the information notes featuring the necessary notifications required by Capital Markets Board's Communiqué Series: IV, No: 56 were made available for the scrutiny of the shareholders as per CMB's regulations and resolutions, as well as the Articles of Association, 21 days prior to the Ordinary

General Assembly meeting and published on the website at [www.doganholding.com.tr](http://www.doganholding.com.tr). Inquiries received from shareholders after the announcement of the General Assembly meeting were answered by the Shareholder Relations Unit. There have been no major changes to the management or operational organization of the Company during the previous reporting period. Any such changes that may arise will be announced to the public in compliance with the relevant legislation.

**4.8.** During the General Assembly meetings, agenda items are presented in an objective, detailed, clear and comprehensible manner, and shareholders are given equal opportunity to voice their opinions and ask questions, thus creating a healthy discussion environment. In 2012, the Company did not receive any written requests from the shareholders for adding items to the agenda.

**4.9.** There were no suggestions about the agenda of the Ordinary General Assembly meeting, or demands to add new agenda items. At the meeting, questions by some shareholders on the agenda were responded to by the meeting council.

**4.10.** At the Ordinary General Assembly, the shareholders were informed about donations of TL 2,087,000 made by the Company to foundations, associations, public agencies and institutions in 2011.

**4.11.** At the General Assembly meeting, votes were cast through open ballot, by raising hands. Voting procedures were announced to the shareholders by the meeting announcements (in the procedures section) and at the beginning of the meeting.

**4.12.** General Assembly meeting decisions require the presence of shareholders or their proxies representing at least half of the Company's capital. Some 62.71% of the capital was present at the Ordinary General Assembly meeting.

**4.13.** Minutes of the General Assembly meeting were available at Company headquarters and were faxed to shareholders upon request. Additionally, General Assembly meeting minutes are available at the corporate web site at [www.doganholding.com.tr](http://www.doganholding.com.tr).

**4.14.** General Assembly meetings were attended by shareholders, some Board Members, Company employees and independent auditors, but not by other stakeholders or the media.

## 5. Voting Rights and Minority Rights

**5.1.** 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.

**5.2.** No upper limits are defined for the voting of any shareholder.

**5.3.** There are no preferred stocks or different classes of shares in the Company.

**5.4.** Each share is entitled to one vote in the Company.

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

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

**5.7.** The Articles of Association do not provide for cumulative voting.

## 6. Right to Dividends

**6.1.** There is no privilege granted to any individual in the distribution of dividends.

**6.2.** Doğan Group of Companies carries out its dividend distribution in line with the stipulations of the Turkish Commercial Code, regulations and resolutions of the Capital Markets Board, Tax Laws, other applicable legislation, the Articles of Association and the Dividend Policy outlined by the Board of Directors.

According to the Articles of Association,

Net profit is calculated by deducting all paid and accrued Company expenditure, depreciation, paid premiums and bonuses, provisions for income taxes to be paid by the legal entity of the Company, along with other financial obligations, from total income at the end of the accounting period.

Afterwards,

- the losses (if any) from previous years,
- and the amounts determined by the Capital Markets Board

- are deducted from net income,
- reserves set at 5% by the Turkish Commercial Code and other relevant regulations,
- and the first dividend at the rate and amount determined by the Capital Markets Board are set aside.

The General Assembly is authorized to determine, in accordance with the dividend distribution policy of the Company, whether the remainder is to be considered money held in reserve or to be distributed.

One-tenth of the amount obtained by reducing 5% of capital from the funds to be distributed among shareholders and other persons with a share in profits will be considered secondary legal reserve as determined by Paragraph 3 of the second section of Article 466 of the Turkish Commercial Code.

According to the Code, unless the required amount of legal reserves are set aside, or unless the primary dividend to be distributed to the shareholders in the form of cash and/or shares is distributed, no decision can be made on setting aside other reserves, transferring profits to the

next year or paying dividends to preferred shareholders or to other shareholders with participation, founder's or regular share certificates, to Board Members, or employees and workers, or to foundations and similar individuals and/or institutions listed in the Article 4 of the Articles of Association.

**6.3.** According to the 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 Capital Markets Legislation, and the Capital Markets Board's regulations and resolutions. 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 offset.

**6.4.** The Company's dividend policy has been defined as "The attributable profit will be distributed in cash and/or as bonus shares in a way that will optimize the Company's financial position within the context of the legislation it is required to comply with, its growth strategy, investment and financing needs in the industry, as well as conditions in the national and international economy," with a Board of Directors decision dated April 30, 2007 and numbered 109. This has been announced to the public in the Annual Report and published on the corporate website [www.doganholding.com.tr](http://www.doganholding.com.tr).

**6.5.** In line with CMB regulations, at the Company's Ordinary General Assembly for the year 2011, no dividend was distributed since the consolidated financial statements as of December 31, 2011 showed no distributable profit for the period; financial statements prepared in accordance with Turkish Commercial Code and Tax Procedures Code showed a profit for the period, which however was transferred to extraordinary reserves after the deduction of the First Legal Reserves.

## 7. Transfer of Shares

**7.1.** The Company's Articles of Association do not contain any provisions to impede transfer of shares.

## PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Public Disclosure Policy

**8.1.** The main purpose of the Disclosure Policy of the Company is to provide fair, timely, accurate, complete, understandable, analyzable and easily accessible information to shareholders and stakeholders about the Company's prior performance, and information and developments related to its future outlook. The Public Disclosure Policy of the Company is available at [www.doganholding.com.tr](http://www.doganholding.com.tr).

**8.2.** To this end, the Company holds or participates in meetings with the participation of investors, analysts and the media, in addition to issuing material disclosures, and publishing periodical financial statements and annual reports. In conjunction with this, members of the Board of Directors and the Executive Committee attend these meetings to make presentations.

In addition to these efforts, promotional documents, statements to data distribution companies, announcements and news features on the corporate web site are other instruments within the scope of the Public Disclosure Policy.

**8.3.** The Company's public disclosure activities are carried out under the supervision and control of the Vice Presidency in charge of Capital Markets, IFRS/CMB Reporting and Affiliates Oversight who reports to the Financial Affairs Group, and in coordination with the Corporate Governance Committee.

# Corporate Governance Principles Compliance Report

Within the scope of the Public Disclosure Policy, the individuals authorized to make public disclosures at the Borsa Istanbul Public Disclosure Platform and their contact details are as follows:

Full Name	Title	Tel	E-mail
Murat Doğu	Deputy President, Finance, Capital Markets, IFRS/CMS Reporting and Affiliates Oversight	(216) 556 90 00	mdogu@doganholding.com.tr
Hande Özer	Director, Capital Markets, IFRS/CMS Reporting and Affiliates Oversight	(216) 556 90 00	handeo@doganholding.com.tr

While implementing the Public Disclosure Policy, utmost care is taken to preserve the principle of equal opportunity among stakeholders.

**8.4.** The Company's Public Disclosure Policy was announced to the public in 2007 through the Company website. The Public Disclosure Policy was revised by the Board of Directors in 2009 and was presented at the Ordinary General Assembly meeting of 2008. The Board of Directors is responsible for the execution of the Public Disclosure Policy.

**8.5.** "Individuals with Administrative Responsibilities" defined in the Capital Market Legislation and individuals in close contact with them disclose to the public their transactions on the Company's capital markets instruments, in compliance with the Capital Market Legislation.

**8.6.** The financial statements and accompanying notes have been prepared on a consolidated basis in accordance with CMB Communiqué Series: XI, No. 29, as well as with International Financial Reporting Standards (IFRS). They have been audited by independent auditors in accordance with the International Auditing Standards (IAS) and disclosed to the public.

## 9. The Company's Website and Its Contents

**9.1.** The Company's website at [www.doganholding.com.tr](http://www.doganholding.com.tr) is actively used for public disclosures, as stipulated in the Turkish Commercial Code, Capital Markets Legislation, and CMB Regulations and Resolutions.

**9.2.** Consolidated financial statements prepared in accordance with IFRS as per the applicable CMB legislation, independent audit reports and annual and interim reports are available on the web site.

**9.3.** An English language version of the information is also available for the convenience of foreign investors as set forth in the Turkish Commercial Code, Capital Markets Legislation, and CMB Regulations and Resolutions.

**9.4.** Information provided on the web site is as follows:

- a) Corporate
  - Corporate governance
  - Vision and mission
  - Shareholding structure
  - Board of Directors (Board Members, Corporate Governance Committee and Audit Committee Members)
  - Executive Committee
  - Managers (CEO, President, Deputy Presidents, Directors)
  - Corporate profile

- b) Investments
  - The Media (newspaper, magazine and book publishing, music, TV and radio broadcasting, digital TV platform and services, news agency, internet services, print, distribution, overseas services and other activities)
  - Energy (Doğan Enerji)
  - Retail (D&R)
  - Industry (Çelik Halat, Ditaş, Doğan Organik Ürünler)
  - Trade (Milpa)
  - Financial Services (DD Konut Finansmanı)
  - Tourism (Milta)

c) Corporate Governance

- Shareholding Structure
- Articles of Association
- Statement of Preferred Shares
- Board of Directors
- Corporate Governance Compliance Report
- Corporate Governance Rating Report
- Corporate Governance Committee
- Corporate Governance Committee Working Principles
- Code of Ethics
- Disclosure Policy
- Dividend Policy

d) Investor Relations

- Corporate info (Trade Registry, listing, share capital, contact information)
- Stock profile (interactive share charts)
- Financial statements and independent audit reports
- Annual reports
- General Assembly (General Assembly announcement and agenda, General Assembly participation procedure, proxy voting form, information memorandum, annual reports by the Board of Directors, General Assembly meeting minutes )
- Material disclosures
- Investor presentations
- Analyst coverage
- Frequently asked questions
- Investor contacts
- Investor relations site map

e) Press Room

- News
- Press releases
- Image gallery
- Press contact

f) Corporate Social Responsibility

- Doğan Group and CSR
- Aydın Doğan Foundation
- Dad, Send Me To School
- No! To Domestic Violence
- Liberty Is Our Right
- Rightful Women Platform
- In the Aftermath of the Van Earthquake

g) Human Resources

- Human resources practices (recruitment, training and development, performance development, remuneration policy)
- Human resources policy
- Job application



## 10. Annual Report

The Company's Annual Report for 2011 and the quarterly interim reports for 2012 are in compliance with Turkish Commercial Code, Capital Markets Legislation, and CMB Regulations and Resolutions.

## SECTION III - STAKEHOLDERS

Since the Company is a holding company, it is not directly engaged in operational activities. Thus, the shareholders and investors are its most important stakeholders. Other important stakeholders of the Company are those customers provided goods and services in various sectors of activity. The Company actively participates in or supports the activities of NGOs that operate in its business lines. Due to the importance of human resources in Company operations, human resources management is represented at the senior management level and human resources policies are formulated at a macro level. Operational policies are performed in coordination with Group companies.

### 11. Informing the Stakeholders

**11.1.** As is explained in detail in the first part of this report, shareholders and investors are kept informed in accordance with capital markets legislation, CMB regulations and resolutions, and the Public Disclosure Policy, through the instruments identified.

**11.2.** The stakeholders of the Company, i.e. shareholders, investors, financial institutions and suppliers, can access Company information via meetings, presentation, news shared with print and visual media, and the website.

**11.3.** The Company also has an intranet site that is consecrated to the communication and notification of employees.

### 12. Stakeholders Participation in Management

**12.1.** 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 case of any Company transactions violating the legislation or code of ethics, the stakeholders can contact the members of the Corporate Governance Committee or Audit Committee, or individuals authorized to provide information by the Company's Disclosure Policy, via e-mail.

**12.2.** The Articles of Association do not include a provision for stakeholder participation in the Company's management.

**12.3.** Employees are kept apprised of the general activities of the Company, and their suggestions are evaluated via the intranet site.

### 13. Human Resources Policy

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.

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 anticipated.

HR practices are grouped under four categories in line with the shared values and strategies of Doğan Holding and Group companies:

- Recruitment,
- Training and development,
- Performance development,
- Remuneration system.

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. There are no unionized employees at the Company.

### 14. Code of Ethics and Social Responsibility

**14.1.** The Company's Code of Ethics has been disclosed to the public via the corporate website. The said code is continuously reviewed and updated according to the requirements of the current day.

**14.2.** As a result of its institutional 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.

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.

The activities geared toward the educational, social and cultural development of Turkey are conducted under the name of the Company and its subsidiaries, as well as through the Aydın Doğan Foundation. The Foundation focuses its activities on facilitating development and improvement in education, public health, scientific research, sports, arts and the economy. The Foundation also extends efforts to support media-related activities, encourage technological developments and expand the scope of cultural and social progress.

In addition to the projects organized directly within its own structure, the Company also supports projects of social awareness by various organizations and companies through its media channels and takes on the mission of helping hundreds of projects every year to achieve the prominence they deserve.

As an example in social investment, the Company has established in the Kelkit region of the Gümüşhane province, its subsidiary Doğan Organik Ürünler Tesisi, which is a multi-award winner pioneering company in its sector. This investment is not only supportive of the environment, animal rights and natural resources, but also contributes to regional development through the "contract farming" project. This investment is among the most prominent regional development initiatives in the nation.

# Corporate Governance Principles Compliance Report

Doğan Holding supports the activities of various NGOs and actively participates in their events.

## SECTION IV - BOARD OF DIRECTORS

### 15. The Structure and Formation of the Board of Directors

**15.1.** The Board of Directors is made up of nine members, of which four are non-executive, two are executive and three are independent. The Company complies with Turkish Commercial Code, Capital Markets Legislation, 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.

**15.2.** A certain number or ratio of the Board Members is required to be independent members, as defined by the Capital Markets Board. The determination, nomination, number and qualifications, selection, dismissal and/or resignation of the Independent Board Members are carried out in compliance with Capital Markets Legislation, CMB regulations and resolutions, and other applicable legislation.

**15.3.** The full names and résumés of the Board Members are as follows:

#### Y. BEGÜMHAN DOĞAN FARALYALI

Born in Istanbul in 1976, Begümhan Doğan Faralyalı received her BSc in Economics and Philosophy at the London School of Economics. She began her professional career as a consultant at the NY Office of Arthur Andersen, and then moved to the London office of Monitor Group, where she worked as a consultant for restructuring projects involving some of the most advanced European media and technology. After earning her MBA degree at Stanford University in 2004, she took office at Doğan Yayın Holding (DYH) as an Executive Committee Member and Vice President for Overseas Investments. There, in charge of the international growth of DYH, she focused on investment opportunities mainly in Europe, including Eastern Europe and Russia. In 2007, Ms. Faralyalı led the startup process of Kanal D Romania, the first foreign television investment of DYH, and forged its partnership with the Swiss Ringier Group. In two years, the channel managed to rank third overall in total day viewership. At the same time, she worked on the purchase of Trader Media East, traded on the London Stock Exchange, by Hürriyet. Begümhan Doğan Faralyalı played an active role in this project constituting the largest international acquisition by DYH. After gaining 15 years of overseas experience, she moved back to Turkey in 2009 and became CEO of Star TV. In 2010, she assumed the Presidency of Doğan TV Holding, which also included TV

channels Kanal D and CNN Türk. In addition to her role as Chairperson of Kanal D Romania, she has also become Chairperson of Doğan Holding as of January 1, 2012. She is married with two children.

#### HANZADE V. DOĞAN BOYNER

Hanzade Doğan Boyner is the leading personality in Turkey's online and digital world. As one of the pioneers of e-commerce in Turkey, she founded and led Hepsiburada.com to become the biggest on-line retailer in the region.

As a member of a family that has extensive media interests in Turkey and abroad, she has a wide range of vision from energy to media, on-line businesses to social initiatives. She is currently the Chairwoman of Doğan Online and Doğan Gazetecilik – which includes Posta – the highest selling daily newspaper in Turkey. She also serves as the Vice Chairperson of Hürriyet Newspaper, Doğan Burda and Doğan Holding. Hanzade Doğan Boyner is actively involved in various non-profit, business and trade organizations. She is the founding member and Vice Chairwoman of Global Relations Forum and serves as the Vice President of World Association of Newspapers. She is also an active participant in several think tanks including the Brookings Institute International Advisory Council, European Council on Foreign Relations, Foreign Economic Relations Board, Association of Turkish Businessmen and Industrialists, Young Presidents' Organization and Association of Woman Entrepreneurs.

A philanthropist, Hanzade Doğan Boyner established and still enthusiastically leads the "Dad Send Me to School" campaign that aims to remove economic and cultural barriers in young female education in Turkey. The campaign already granted 10,500 scholarships and built 33 girls' dormitories across Turkey. Ms. Doğan-Boyner is a graduate of London School of Economics, has received her MBA from Columbia University and serves on the Columbia Business School Board of Overseers.

Member	Duty	Notes
Yaşar Begümhan Doğan Faralyalı	Chairperson	Executive
Hanzade Vasfiye Doğan Boyner	Vice Chairperson	Non-executive
Arzuhan Yalçındağ	Member	Non-executive
Vuslat Sabancı	Member	Non-executive
Yahya Üzdiyen	Executive Director/CEO	Executive
Imre Barmanbek	Member	Non-executive
Tayfun Bayazıt	Member	Independent
Ertuğrul Feyzi Tuncer	Member	Independent
Ali Aydın Pandır	Member	Independent

## **ARZUHAN DOĞAN YALÇINDAĞ**

Since the beginning of her professional life Arzuhan Doğan Yalçındağ has been involved in initiating new projects. In 1990 while working with Milpa brought German mail order company Quelle to Turkey and headed the company until 1993. In 1994 she took part in the establishment of Alternatifbank and served as a board member. A year later she became the CFO of Milliyet Magazine Group. She joined Kanal D in 1996 and was in charge of various departments. One of her major accomplishments was launching of CNN Turk in 2000 which was the result of the negotiations she initiated in 1999 Time Warner Group. In 2005, she became CEO of Doğan TV Holding, parent company of Kanal D, CNN Turk, DMC, D Production, DSmart satellite platform and radios. While at this post, in 2007 she was elected as the first female chairperson of the country's leading business organization, TUSIAD - Turkish Industrialists' and Businessmen's Association in the organization's 40 year- history. She kept this position until 2010, and then moved to become a member of the TUSIAD's Council of Presidents. After leaving the chair of TUSIAD, she took over the chair of Dogan Holding from her father, founder of the company, started the era of second generation. She was one of the founding members of Aydın Doğan Foundation in 1996 served on its board until today, and as the chairperson between 2011 and 2012. Then Foreign Minister, now President H.E. Abdullah Gül appointed her as a goodwill ambassador of Turkey to EU and with this capacity Arzuhan Doğan Yalçındağ launched "Women's Initiative for Turkey in the EU". As she was selected a Young Global Leader by the World Economic Forum in 2005, she was among the founding members of Women Entrepreneurs Association of Turkey (KAGIDER). She also served on the board of the Turkish Education Volunteers Foundation (TEGV) between 2002-2006. She also was a founder of the Turkish-American Businessmen Association (TABA) in 1987 and served as a board member. She was one of the founders of the Turkish Third Sector Foundation. She is a founder and a board member of Istanbul Modern Art Museum since January 2004. She is also on the International Advisory Council of Paley Media Center in New York and Expo 2015 Milano. She was awarded the title of Commander of Italy's Star Order (Commendatore dell'Ordine della Stella d'Italia) in 2009. She is also a World Economic Forum's Industry Partner of Media, Entertainment and Information (MEI) Industry

Strategy Group. Currently, Arzuhan Doğan Yalçındağ is the Chairperson of Doğan TV Holding. She is married with two children..

## **VUSLAT DOĞAN SABANCI**

Vuslat Doğan Sabancı was appointed as President of Board of Directors of Hürriyet on 26th of May, 2010. In January 2004, she was appointed as President of Executive Committee of Hürriyet. As a top executive of the Company, she was responsible for trading strategy and management of the Company. During the recent 4 years she worked as President of Executive Committee, Vuslat Doğan Sabancı managed the Company in tandem with a global trading perspective and further reinforced the assets of Hürriyet through acquisitions in the developing media markets. In addition to such initiatives, she upgraded the Company to a competitive level in the new media world through successful online projects. Throughout her term of office, the social existence of Hürriyet is also strengthened through social responsibility campaigns. Included among the aforementioned initiatives are: Acquisition of Trader Media East, the most successful online and printed advertisement means of Russia, Commonwealth of Independent States and other countries in the region. Pioneering the opening of internet website of Hürriyet, thereby initiating and strengthening Hürriyet online version, and making it the number-one internet website with Turkish contents. Opening of online classified ads websites in this new and developing field so as to upgrade and develop Hürriyet also in real estate and automobile advertisements market. Strengthening the existing papers included in Hürriyet portfolio, such as Hürriyet Daily News, and launching Referans paper for business world. Starting a campaign against domestic (family) violence and another campaign for impressing the human rights idea upon the Turkish people with a view to spreading the democracy to a wider base. Creation of certain procedures for institutionalization of internal activities of Hürriyet and for making the management of daily business affairs more objective. In spite of macroeconomic difficulties caused by the national economy, Hürriyet recorded a material growth under management of Vuslat Doğan Sabancı. Hürriyet stock became one of the most preferred and sought after stock of foreign investors at the Istanbul Stock Exchange.

Vuslat Doğan Sabancı acted at Hürriyet newspaper as the Vice President – Advertisements in 1996. When she was promoted to the post of Marketing Operations Group Head of the newspaper three years later, her duties and responsibilities extended to marketing, sales, human resources and Information Technologies (IT). Before joining Hürriyet, Vuslat Doğan Sabancı worked in the editor-in-chief's office in The New York Times for one year, and thereafter, she contributed to establishment of Asian Business World News Channel and Latin America Edition of The Wall Street Journal. Vuslat Doğan Sabancı graduated from the Faculty of Economy in Bilkent University, and continued her education at Columbia University, New York and was awarded a postgraduate diploma in the International Media and Communications field. Ms. Sabancı is also an honorary board member of the Vienna-based International Press Institute of which she served as vice president until 2008. Ms. Sabancı is also Member, Executive Board, Endeavour Turkey. She is married with two children.

## **YAHYA ÜZDİYEN**

Born in 1957, Yahya Üzdiyen graduated from the Department of Business Administration at Middle East Technical University in 1980. Between 1980 and 1996, he worked as a trade and investment specialist and manager in several privately owned companies in Turkey and abroad. Between 1997 and 2011 he assumed the position of Strategy Group President at Doğan Holding and became Deputy Chairperson on January 18, 2011. During this period, he played an important role in the acquisition, partnership and sale of Group companies, such as POAŞ, Ray Sigorta and Star TV. Presently acting as Board Member in many of the Group companies, Mr. Üzdiyen has served as Doğan Holding's CEO since January 24, 2012. Yahya Üzdiyen is married with two children.

## **İMRE BARMANBEK**

Born in 1942, İmre Barmanbek graduated from the Faculty of Political Science at Ankara University with a degree in Economics and Finance. She started her career as Assistant Tax Inspector at the Tax Inspectors Board of the Ministry of Finance where she later became Tax Inspector. From 1969 to 1972, she worked as Planning Specialist in Incentive Implementation at



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the State Planning Organization and later returned to her post at the Ministry of Finance. From 1975 to 1977, she served as a member of the Tax Appeal Commission. Following her successful career with the Ministry of Finance, she began working in the private sector. She joined Doğu Akü, a joint enterprise between the Koç and Doğan Groups, as Treasurer and was later promoted to General Manager. Continuing her professional career as Financial Coordinator at the Doğan Group, Ms. Barmanbek became Chief Financial Officer in 1998. From 1999 to 2003, she served as the General Coordinator and Chief Executive Officer of the Group. Her dynamic management style and the importance she places on value-added growth in the Doğan Group brought her the "Best Woman Manager of the Year" Award from Dünya newspaper in 2001. She was named among Fortune's "Most Powerful Business Women" two years in a row, in the 33<sup>rd</sup> place in 2001 and 22<sup>nd</sup> place in 2002. Besides, Barmanbek was also included in the FORBES magazine's "The 100 Most Powerful Women of the Year" list. After serving as Vice Chairperson of Doğan Holding from 2003 until 2012, Barmanbek has been a Board Member since August 2012. İmre Barmanbek is married with one child.

## **ERTUĞRUL FEYZİ TUNCER**

Ertuğrul Feyzi Tuncer was born in 1939. He received his BA in Business Administration and Economics from Robert College in 1964. Later, he obtained an "Executive Management" certificate from University of Stanford. He started his professional career in 1967, as Regional Director and Director of Investments at Mobil Oil Türk A.Ş. and eventually became General Manager in 1990. In 1994, he served as Chairman at ATAŞ Anatolian Refinery, and then became General Manager of BP Mobil Turkey Joint Venture. In 2000, he resigned from both of these positions to continue his career as General Manager and Board Member at Petrol Ofisi A.Ş. In 2005, he became Board Member at Doğan Holding. In 2006, at Tuncer Consulting Services and Trade, he became the founder and partnership manager of CASE Consulting Energy.

## **TAYFUN BAYAZIT**

Tayfun Bayazit received his Bachelor's Degree in Mechanical Engineering in 1980 and then graduated from Columbia University with a master's degree in Finance and International Relations in 1983. Mr. Bayazit began his career with Citibank. In 1999, he was appointed Deputy Chairman of Doğan Holding and Managing Director of Dışbank. Leaving his position at Doğan Holding in April 2001, he became Chief Executive Officer (CEO) of Dışbank, a member of the same corporate group. In 2003, Mr. Bayazit was elected Chairman of the Bank. When Fortis acquired a majority stake in Dışbank in July 2005, he was appointed CEO of Fortis Bank and also became a member of Fortis Global Executive Committee. At a general assembly of the Bank in May 2006, he was elected Chairman of its Board of Directors. In 2007, he returned to Yapı Kredi (a joint venture of UniCredit and Koç Group) as Managing Director and General Manager, and later became Chairman in 2009. In August 2011, he resigned from Yapı Kredi to establish the company Bayazit Danışmanlık Hizmetleri, where he currently serves as President. Board Member at Turkish Businessmen and Industrialists Association (TÜSİAD), Mr. Bayazit also plays an active role in such NGOs as Turkish Education Volunteers Association (TEGV) and Turkish Corporate Governance Association (TKYD).

## **ALİ AYDIN PANDIR**

Born in 1956 in Istanbul, Ali Aydın Pandir graduated from St. Georg Austrian High School in 1975. He completed his undergraduate studies at Istanbul Technical University, Department of Mechanical Engineering in 1980. Following graduation, Mr. Pandir started his professional career in 1980 at Tekersan Firması, as Design Engineer, before becoming Workshop Manager at the same firm. In 1990, he joined General Motors as Director of After-Sales Services and played an active role in the establishment of Opel's Turkish service and

spare part distribution network. Serving Adam Opel and General Motors as Director of International After-Sales Services, Pandir managed after-sales support and spare parts services for Opel vehicles across Eastern Europe, Asia, the Middle East, Africa and South America. As GM's Director of New Vehicle Projects, Ali Pandir established spare parts distribution systems in India, Thailand, Taiwan, Japan and People's Republic of China, so as to expand the Company's sales and distribution network in the Asia-Pacific region. After assuming this critical role, he led the way in establishing the outsourced spare parts distribution concept at GM Group, through various practices in developing countries. He created a spare parts distribution network in the People's Republic of China for new GM joint ventures. Mr. Pandir also established GM Storage and Commerce company at the Shanghai Free Trade Zone and took office as CEO of the said firm. As GM's Asia-Pacific Regional Director, he set up a spare parts distribution and supply chain system across the Asia-Pacific region. In addition to these duties, he also assumed the title of GM Supply Chain Council Member and served as Board Member at TLI, a joint venture by Singapore National University and Georgia Tech USA Logistics Institute. He played a key role as the Director in charge of the sales, marketing and distribution of GM cars and spare parts by GM's commerce and distribution company in Singapore across the entire Asia-Pacific region. As GM's President of Indonesia, he managed the restructuring and consolidation of GM's business in Indonesia, and established a joint venture with various local Asian partners to produce and distribute commercial and passenger vehicles. For five years Ali Pandir served as CEO of Tofaş, Turkey's largest auto manufacturer and market leader, a joint venture of Italian Fiat Group and Turkish Koç Group, and managed to increase Tofaş's production capacity from an annual 250 thousand to 400 thousand. Currently Mr. Pandir is Country President at Fiat SpA,

Board Member at faş (Fiat JV), Türk Traktör (CNH JV), Iveco and Magneti Marelli Türkiye, representative at Fiat SpA (Fiat/Chrysler) and Fiat Industrial (Iveco/CNH), New Business Development Officer at Fiat and Fiat Industrial, Independent Board Member at Prysmian Türkiye (cables) and Ghabbour Egypt (automotive). He is fluent in English and German.

**15.4.** 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 June 27, 2012 to serve until the Ordinary General Assembly when the accounts and activities of the year 2012 will be discussed.

**15.5.** There are three independent members on the Board of Directors. In line with CMB's regulations and resolutions, independent members constitute one-third of the Board. The Chairperson and CEO are not the same individual. More than half of the Board Members are non-executive.

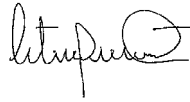
**15.6.** On May 25, 2012, the applications and declarations of independence of three candidate Independent Board Members were evaluated by the Board of Directors and subsequently disclosed to the public on June 5, 2012. The Company asks for written declaration from the independent Board Members to prove that they satisfy the independence criteria set forth in the CMB regulations and resolutions. 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:

#### **STATEMENT OF INDEPENDENCE**

**May 25, 2012**

To the Office of the Chairperson of Doğan Yayın Holding A.Ş.;  
I hereby declare that, as a Board Member of Doğan Yönetim Holding A.Ş., I meet the conditions for "independent Board Membership" outlined in the Capital Markets Law, Capital Markets Board's Communiqués, Guidelines and other regulations, as well as the Company's Articles of Association; and that in case the said conditions cease to exist I shall immediately inform the Office of the Chairperson and resign from this position if so required by a resolution of the Board of Directors.

Best regards,



**Ertuğrul Feyzi Tuncer**

#### **STATEMENT OF INDEPENDENCE**

**May 25, 2012**

To the Office of the Chairperson of Doğan Yayın Holding A.Ş.;  
I hereby declare that, as a Board Member of Doğan Yönetim Holding A.Ş., I meet the conditions for "independent Board Membership" outlined in the Capital Markets Law, Capital Markets Board's Communiqués, Guidelines and other regulations, as well as the Company's Articles of Association; and that in case the said conditions cease to exist I shall immediately inform the Office of the Chairperson and resign from this position if so required by a resolution of the Board of Directors.

Best regards,



**Tayfun Bayazıt**

#### **STATEMENT OF INDEPENDENCE**

**May 25, 2012**

To the Office of the Chairperson of Doğan Yayın Holding A.Ş.;  
I hereby declare that, as a Board Member of Doğan Yönetim Holding A.Ş., I meet the conditions for "independent Board Membership" outlined in the Capital Markets Law, Capital Markets Board's Communiqués, Guidelines and other regulations, as well as the Company's Articles of Association; and that in case the said conditions cease to exist I shall immediately inform the Office of the Chairperson and resign from this position if so required by a resolution of the Board of Directors.

Best regards,



**Ali Pandır**

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**15.7.** The Company does not impose any rules or restrictions on its Board members for assuming additional duties outside of the Company. Since the Company is a holding company and representation in the management of its affiliated companies is in the best interest of the Company and thus its partners, the Company does not prohibit its Board Members from assuming duties in the management of its affiliates and subsidiaries. The practices in this respect are continuously reviewed according to changing conditions.

**16.2.** All Board resolutions are recorded in the meeting minutes and signed by the participants of the meetings. The Board members who cast dissenting votes must sign the meeting minutes with their justifications for their dissenting 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 dissenting votes, the measures required by the Capital Markets Board and Capital Markets Legislation are implemented.

certain parts of the Company's businesses, as well as the responsibility for overseeing the implementation of Board resolutions. The Board of Directors also plans to transfer some or all of its powers to senior executives, as allowed by the Turkish Commercial Code and Capital Markets Legislation, after determining the principles and procedures of this transfer via an internal regulation prepared in line with the Turkish Commercial Code.

**16.5.** The résumés of the Board Members are available in the annual report and on the Company's website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

**16.6.** The Board members are provided with timely access to any information they need to fully meet their obligations. The Board's meeting invitations also include the agenda and are sent out at least seven days before the day of the meeting and all information and documents regarding the agenda items are attached to the meeting invitation.

**16.7.** Board members are elected from among persons who possess basic knowledge of the legal framework regulating activities and transactions related to the Company's field of activity, are educated and experienced in company management, can interpret financial statements and reports and are preferably university graduates.

**16.8.** Board Members do not enjoy privileged voting rights or negative veto rights.

**16.9.** The quorum for Board of Directors meetings is the absolute majority of its members. Decisions are taken by the majority of the participating members. In the event of a tie, the issue voted upon is transferred to the next meeting's agenda. In the event that a majority is not reached in the next meeting, the proposal is deemed rejected. Each Board member is entitled to one vote regardless of his/her position and field of responsibility.

Full Name	Duties Outside of the Company
Yaşar Begümhan Doğan Faralyalı	Chairperson and Board Member at Group companies
Hanzade Vasfiye Doğan Boyner	Chairperson, Vice Chairperson and Board Member at Group companies
Arzuhan Yalçındağ	Chairperson and Board Member at Group companies
Vuslat Sabancı	Chairperson, Vice Chairperson and Executive Committee Member at Group companies
Yahya Üzdiyen	Chairperson, Board Member and Executive Committee Member at Group companies
Imre Barmanbek	Chairperson, Vice Chairperson, Board Member and Executive Committee Member at Group companies
Tayfun Bayazıt	Bayazıt Yönetim Danışmanlık Ltd. (Founder and Owner)
Ertuğrul Feyzi Tuncer	Independent Board Member at Group companies
Ali Aydın Pandır	Fiat SpA (Country President)

## 16. Operating Principles of the Board of Directors

**16.1.** The Board of Directors convenes as required for the Company's business, but not less than once a month. As a rule, the Board of Directors convenes upon the invitation of the Chairperson or the Vice Chairperson. The Board of Directors must also be invited for a meeting upon the request of at least three directors. Moreover, any of the Company's Statutory Auditors can invite the Board of Directors for a meeting and set the agenda for the meeting. In 2012, 35 Board of Directors meetings / decisions were held / reached.

**16.3.** The Board of Directors convenes at the Company headquarters. However, with a Board of Directors resolution, meetings may be held in another location in the city of the headquarters or in another city. In-person participation for Board members at the meetings is the rule. Meetings may also be attended using any technology that provides remote access to the meeting. The opinions of those members who do not attend the meeting but submit their opinions in writing shall be conveyed to the other members.

**16.4.** In order to fulfill its duties and responsibilities, every year, the Board of Directors identifies from among the directors the members responsible for affairs that require expertise. If it deems necessary, the Board also determines the executive members who will assume some of the authority and the responsibility for



**16.10.** A Board of Directors Secretariat, which serves all Board members and reports to the Chairperson of the Board of Directors, was formed to maintain documents related to Board meetings. The duties and responsibilities of the Board of Directors Secretariat are outlined in the Articles of Association.

**16.11.** Travel and meeting expenses of the Board of Directors, as well as the expenses for the special tasks related to the Board's activities and similar expenses are paid out of the Company's general budget without any restrictions.

## **17. The Number, Structure and Independence of Board Committees**

**17.1.** 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 Risk Assessment Committee.

**17.2.** Charters regarding the functioning of the committees are stated in the Articles of Association.

**17.3.** The Corporate Governance Committee has a written charter approved by the Board of Directors and publicly posted on the Company's website at [www.doganholding.com.tr](http://www.doganholding.com.tr). This charter was created carefully and in due consideration of the Capital Markets Legislation, CMB regulations and resolutions, Articles of Association and international practices abroad. The committees' charters are reviewed according to legislative changes and changing circumstances. The committees convene at least every three months.

**17.4.** Information on the members of the Executive Committee is presented below. Executive Committee members do not sit on another committee. Executive Committee members were elected to serve until the Ordinary General Assembly concerning the accounting period for 2012.

Full Name	Title	Other Duties	Duties in Other Committees
Yahya Üzdiyen	President	Executive Director	None
Soner Gedik	Member	None	None
Ahmet Toksoy	Member	CFO	None

**17.5.** The Board of Directors elected Tayfun Bayazıt as the President and Ali Aydın Pandır as the Member of the Audit Committee, to serve until the Ordinary General Assembly concerning the accounting period for 2012.

Full Name	Title	Association with the Company	Independence Status	Duties in Other Committees
Tayfun Bayazıt	President	Independent Board Member(Non-Executive)	Independent	Corporate Governance Committee
Ali Aydın Pandır	Member	Independent Board Member (Non-Executive)	Independent	None

**17.6.** 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.

**17.7.** The Audit Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's regulations and resolutions. Within this framework, in 2012:

**17.7.1.** The Audit Committee reviewed the annual and interim financial statements, footnotes and independent audit reports of the Company, before they were publicly reported and held meetings with the independent auditing firm.

**17.7.2.** The Audit Committee expressed its view on the selection of the independent audit firm to serve the Company and reviewed the independent auditing contract.

**17.8.** The Audit Committee convenes at least four times a year and presents its resolutions to the Board of Directors in written form.

**17.9.** The full names and duties of the Corporate Governance Committee members elected to serve until the Ordinary General Assembly concerning the accounting period for 2012 are as follows:

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Full Name	Title	Association with the Company	Independence Status	Duties in Other Committees
Tayfun Bayazıt	President	Board Member (Independent)	Independent	Audit Committee Member
İmre Barmanbek	Member	Board Member (Executive)	Dependent	None
Dr. Murat Doğu	Member	Doğan Group of Companies, Vice President of Finance (Capital Markets, IFRS/CMB Reporting and Affiliates Oversight)	Dependent	Early Risk Detection Committee Member

The majority of Corporate Governance Committee members are non-executive.

**17.10.** The Corporate Governance Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's regulations and resolutions. Within this framework, in 2012:

**17.10.1.** The Corporate Governance Committee reviewed the annual report and corporate governance compliance reports of the Company before they were publicly reported.

**17.10.2.** The Corporate Governance Committee assured that the Ordinary General Assemblies of the Company and its subsidiaries for the year 2011 were held in accordance with applicable legislation.

**17.10.3.** The website was continuously updated and enhanced.

**17.10.4.** The Company received its revised corporate management rating from the corporate rating agency Saha on November 5, 2012, which was subsequently disclosed to the general public.

**17.11.** According to an amendment to CMB's Communiqué Series: IV No: 56, a Risk Assessment Committee was set up with a resolution of the Board of Directors, dated April 18, 2013 and numbered 2013/6. The information on the Risk Assessment Committee is presented below:

Full Name	Title	Association with the Company	Independence Status	Duties in Other Committees
Ertuğrul Feyzi Tuncer	President	Board Member (Independent)	Independent	None
Erem Turgut Yücel	Member	Doğan Group of Companies, Chief Legal Counsel	Dependent	None
Tolga Babalı	Member	Doğan Group of Companies, Vice President of Risk Management and Financial Affairs	Dependent	None
Yener Şenok	Member	Doğan Group of Companies, Vice President of Financial and Administrative Affairs	Dependent	None
Dr. Murat Doğu	Member	Vice President of Finance (Capital Markets, IFRS/CMB Reporting and Affiliates Oversight)	Dependent	Corporate Governance Committee Member
Ayhan Sırtıkara	Member	Doğan Group of Companies, Director of Analysis and Assessment	Dependent	None
Korhan Kurtoğlu	Member	Doğan Group of Companies, Director of Financial Reporting	Dependent	None

The committees convene as frequently as is required by their activities, upon the invitation of the Committee President. All activities are set down in writing and the necessary records are kept. The correspondence and notification duties of the committees are carried out by the Secretariat of the Board of Directors.

**17.12.** Certain Board Members sit on more than one committee since there are only three Independent Board Members.

**17.13.** 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.

### **18. Risk Management and Internal Control Mechanism**

Since the Company is a holding company, it predominantly focuses on asset management, the financial performance of its affiliated companies, and fiscal and financial risks. The management of fiscal and financial risks is monitored by the Chief Financial Officer, relevant Vice Presidents of Financial Affairs and the Vice President of Finance and Portfolio Management. On the other hand, the identification and reporting of financial as well as operational risks of the affiliated companies are also under the responsibility of and undertaken by the CEO. From time to time, the Audit Committee and the Corporate Governance Committee also report problems and suggestions for solutions regarding risk management and internal control mechanisms to the Board of Directors. In 2012, special emphasis was given to risk management and reporting as well as to restructuring efforts. The Risk Assessment Committee set up on April 8, 2013, will present suggestions to the Board of Directors with regard to the identification and management of risks.

### **19. The Strategic Goals of the Company**

**19.1.** Our vision is to undertake productive and sustainable investments that will contribute to transparency in the 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 retail driven 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.

**19.2.** The vision and mission of the Company are available in the annual report.

**19.3.** The strategic goals determined by the managers of the Company in accordance with the plans of the Company are presented for the approval of the Board of Directors.

**19.4.** The Board of Directors and senior management of the Company continuously monitor the status of the Company against its strategic goals, through monthly meetings. The results of Company activities and its performance are evaluated in detailed reports.

**19.5.** The Board of Directors and senior management of the Company continuously monitor the status of the Company against its strategic goals. Through regular and frequent management meetings, the Company's position is evaluated and new goals and strategies are formulated.

### **20. Remuneration of Board Members**

**20.1.** The financial benefits to be provided to the Chairperson, Vice Chairperson and Members of the Board of Directors are determined by the General Assembly. The financial benefits of the independent Board Members are determined according to Capital Markets Legislation, CMB's regulations and resolutions and other applicable legislation.

The Board of Directors determines whether or not the Committee presidents and members will be paid a fee. The Board of Directors also determines the amount of this fee, if any and its payment terms. In the event that a Committee president or member is at the same time the Chairperson or a member of the Board of Directors, the General Assembly decides whether such a Committee member is going to receive a fee. The General Assembly also determines the amount of the fee, if any and payment terms.

As per CMB's regulations and resolutions, the Board of Directors has established a "Remuneration Policy" with its decision dated June 4, 2012 and numbered 2012/13, which was subsequently submitted to the General Assembly and disclosed to the public.

**20.2.** At the Ordinary General Assembly meeting where the activities of 2011 were discussed, it was unanimously decided that the Chairperson of the Board shall be paid a net monthly fee of TL 10,000. It was also unanimously decided that no additional fee would be paid to the Board Members who are appointed to the committees established under the Company's Articles of Association.

**20.3.** Doğan Holding defines its key management personnel as Board Members, Executive Committee Members, President and Vice President, Chief Legal Counsel, Directors, etc. The total benefits offered to the key management personnel consists of salary, bonus, health insurance, communications and transportation fees, which in 2012 amounted to TL 19,842 thousand (2011: TL 13,683 thousand).



# Other Obligatory Disclosures

## GENERAL INFORMATION

**The Accounting Period for the Report:** This report covers the period from January 1, 2012 till December 31, 2012.

### The Company's Trade Name, Trade Registry Number, Contact Details of Headquarters and Branches, and Website

Trade Name	: Doğan Şirketler Grubu Holding A.Ş.
Trade Registry	: Number 175444
Address	: Burhaniye Mahallesi, Kısıklı Caddesi, No: 65, 34676 Üsküdar/İstanbul
Tel	: (216) 556 9000
Fax	: (216) 556 9200
Website	: <a href="http://www.doganholding.com.tr">www.doganholding.com.tr</a>

**The Company's Stakes in Direct or Indirect Subsidiaries:** The Company has direct or indirect subsidiaries. The information about these and the Company's stakes in these are presented in the endnotes to the consolidated financial statements for the period from January 1, 2012 until December 31, 2012.

**Information About the Company's Acquisition of its Own Shares:** During the accounting period from January 1, 2012 until December 31, 2012, the Company did not acquire its own shares.

**The Company Executives' Transactions with the Company on their own behalf or on Behalf of Third Parties, or Activities Falling Under Non-Compete Clause within the Scope of the Permission by the General Assembly:** Except for those transactions banned by the Turkish Commercial Code, the Board Members receive the permission of General Assembly to carry out the transactions outlined in the Turkish Commercial Code's Articles 395 and 396. According to the information available to the Company, Board Members did not conduct any commercial activities on their own behalf or on behalf of third parties in the Company's business line.

**Administrative or Legal Sanctions Imposed Upon the Company or its Executives Due to Action Violating Legislation:** During the period, no

administrative or legal sanction was imposed upon the Company or its executives due to actions violating legislation.

**Amendments to the Articles of Association and their Reasons: For reasons of aligning the Articles of Association with the "Communiqué on the Determination and Application of Corporate Governance Principles" Serial :IV, No: 56 (Official Gazette dated 30.12.2011 and numbered 28158), later amended by Capital Markets Board's Communiqué Serial: IV, No: 57, issued on the Official Gazette dated 11.02.2012 and numbered 28201; and for amending the body text of the Articles of Association in line with the changes in the Capital Markets Legislation and applicable legislation, at the Ordinary General Assembly held on June 27, 2012, as regards the activities of the year 2011; amendments to the Articles 4., 5., 7., 8., 9., 10., 11., 12., 13., 14., 15., 16., 17., 18., 19., 20., 21., 22., 23., 24., 25., 26., 27., 28., 29., 30., 31., 32., 33., 34., 35., 36. and 37. of the Articles of Association, addition of the Articles 38., 39., 40., 41. and 42., as well as the cancellation of the Provisional Articles 1. and 2. were submitted to and unanimously approved, in line with the permission dated June 6, 2012 and numbered 1536-6095 by the Capital Markets Board, and the permission dated June 8, 2012 and numbered 4435-4318 by the Ministry of Customs and Trade, General Directorate of Domestic Trade.**

## RESEARCH AND DEVELOPMENT ACTIVITIES

**Research and Development Activities:** The Company carried out no R&D activities during 2012 and thus incurred no related costs.

## COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS

**The Attainment of Targets Set in Previous Periods, Implementation of General Assembly Resolutions, Any Reasons for Failure to Attain Targets or Implement Resolutions, and Assessments:** The Company implemented all General Assembly resolutions in the concerned accounting period.

**Lawsuits Against the Company Which Could Affect its Financial Situation and Activities, and Their Possible Outcomes:** The Company sets aside reserves for the pending lawsuits filed against it. The litigations against the Company and the reserves set aside for possible litigation damages are as follows:

**Lawsuits (TL thousand):** The total amount of the litigations filed against the Group pending as of December 31, 2012 is TL 82,571 (December 31, 2011: TL 78,999).

	December 31, 2012	December 31, 2011
Administrative Cases	59,717	54,987
Commercial Cases	14,229	9,647
Business Cases	6,574	7,936
Other	2,051	6,429
<b>Total</b>	<b>82,571</b>	<b>78,999</b>

As regards the pending lawsuits detailed above, a provision amounting to TL 29,427 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 (December 31, 2011: TL 21,957). Administrative cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against Doğan Yayın Holding and its subsidiaries and lawsuits initiated by the Radio and Television Supreme Council.

**Information on Extraordinary General Assembly:** No Extraordinary General Assembly was held during the period.

**Information on Private and Public Audits:** No such private or public audits were carried out in the Company during the accounting period.

**Information about the Company's Donations, Aids, and Spending on Social Responsibility Projects During the Year:** During 2012, the Company donated TL 4,072,180 to educational projects by various foundations and associations serving the common good:

Aydın Doğan Foundation	TL 2,300,000
Prime Minister's Office, Directorate for Catastrophe and Emergency Management, Somalia Aid Campaign	TL 1,000,000
Education and Environment	TL 772,180
<b>Total</b>	<b>TL 4,072,180</b>

#### **The Company's Legal Actions, and Measures Taken or Avoided in Favor of the Parent Company or Group Companies:**

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.

#### **Any Corrections Against the Legal Actions Listed Above, Any Damages Inflicted the Company Arising from Measures Taken or Avoided, Any Corrections for Such Damages:**

Since the Company did not take any action falling under the scope of the previous paragraph, there are no damages to be redressed.

#### **FINANCIAL POSITION**

**The Nature and Volume of Capital Markets Instrument Issued:** DD Konut Finansman A.Ş., the Holding's subsidiary subject to joint management, issued 3-year bills worth TL 50,000 with three-monthly fixed rate coupon payments (at an annual nominal rate of 9.92%) on July 21, 2010; a 1-year bond worth TL 30,000 with a fixed rate coupon payment at the end of maturity on January 11, 2012; and two 2-year bills each worth TL 30,000 with three-monthly fixed rate coupon payments (at respective annual nominal rates of 8.50% and 8.99%) on December 7, 2012.

#### **Notes and the Management's Assessments on the Company's Shareholders' Equity and Indebtedness**

**Level:** As of December 31, 2012 the shareholders' equity stands at TL 4,078,584 thousand, which is 66% more than our capital of TL 2,450,000 thousand. This ratio is an indication of our robust shareholders' equity.

#### **Measures to Improve the Company's Financial Position:**

As of December 31, 2012 the consolidated net financial debt stands at TL 2,112 million (31.12.2011: 910,404). Despite the rise in the net financial debt level, cash and cash equivalents stand at TL 2,242 thousand, which is higher than the Company's short term financial debt of TL 1,568 million. The Group's cash and financial debt are continuously monitored for such risk management elements as maturity structure, interest rate risks, and foreign currency risk.

#### **INFORMATION ON THE PARENT COMPANY**

##### **Information on the Parent Company Shares Held by Group Enterprises:**

Group companies hold no shares of the parent company.

##### **Notes on the Internal Audit and Risk Management Systems of the Group as Regards the Preparation of Consolidated Financial Statements:**

The consolidated financial statements are issued in line with CMB's Communiqué Serial:XI, No:29, International Accounting Standards and International Financial Reporting Standards, and the principles of presentation are outlined by CMB's regulations and resolutions. The financial

## Other Obligatory Disclosures

statements are independently audited as per International Audit Standards. The views of the relevant executives are received during the preparation of the financial statements, which are then reviewed by the Audit Committee and approved by the Board of Directors.

### Information on Reports Outlined in the Turkish Commercial Code Article 199:

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.

**Direct or indirect control of a five, ten, twenty, twenty five, thirty three, fifty, sixty five or hundred percent stake at a capital markets firm, and reasons for falling below these percentages**

Company Name	Doğan Şirketler Grubu Holding A.Ş. 31.12.2012 Effective Share Ratio	Doğan Şirketler Grubu Holding A.Ş. 31.12.2011 Effective Share Ratio	Change	Notes
1 Akdeniz Elektrik Üretim A.Ş.	99.97%	0.00%	99.97%	Share acquisition
2 Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş.	100.00%	75.59%	24.41%	Share acquisition
3 Doğan Uydu Haberleşme Hiz. ve Telekomünikasyon Tic. A.Ş.	60.44%	0.00%	60.44%	Established in 2012
4 Eko TV Televizyon Yayıncılık A.Ş.	57.43%	45.35%	12.08%	Share acquisition
5 Galata Wind Enerji A.Ş.	100.00%	0.00%	100.00%	Share acquisition
6 Hür Servis Sosyal Hizmetler ve Ticaret A.Ş.	95.60%	73.97%	21.63%	Transfer of Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. to DOHOL
7 Doğan Medya International S.A.	69.57%	57.87%	11.71%	Share acquisition
8 Kanal D Yapımcılık Reklamcılık ve Dağıtım A.Ş.	57.33%	0.00%	57.33%	Establishment
9 Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.	50.00%	0.00%	50.00%	Establishment
10 Nakkaştepe Elektrik Üretim ve Yatırımları Sanayi ve Ticaret A.Ş.	100.00%	0.00%	100.00%	Establishment
11 Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş.	50.00%	0.00%	50.00%	Establishment
12 NetD Dijital Yayıncılık Ticaret A.Ş.	60.44%	0.00%	60.44%	Establishment
13 Moda Radyo ve Televizyon Yayıncılık Ticaret A.Ş.	0.00%	60.34%	-60.34%	Sales
14 Job.ru LLC	45.61%	0.00%	45.61%	Establishment
15 OOO Pronto Pskov	41.05%	0.00%	41.05%	Establishment
16 OOO Rosprint	0.00%	43.68%	-43.68%	Sales
17 Publishing International Holding BV	45.61%	0.00%	45.61%	Establishment

# Code of Ethics and Conduct

Management and employees must abide by these fundamental values at all times during work and personal life, doing everything possible to increase the reputation of the Doğan Group and its shareholders to the highest level.

## Operations

Company operations shall be conducted on the basis of effective legal regulations, the Articles of Association, internal regulations and formulated policies.

Undocumented activity is prohibited; accuracy and consistency shall be fundamental in record-keeping.

All employees shall cooperate with and support the internal auditing proceedings conducted to ensure the compliance of Company operations with the law and with internal regulations.

## Beneficiaries

Principles of honesty, trust, consistency, professionalism, autonomy, for long-term relations and reciprocity are respected and shall be the guidelines for relations with customers, suppliers and other persons and organizations engaged in business relations with the Company.

Excellence in quality, meeting and exceeding all customer needs and expectations shall be the goals sought in products and services.

Any action restricting free competition shall be avoided, competitors shall not be discredited and no misleading advertising shall be permitted.

Secret information about the company and information that is of the nature of trade secrets as well as personal information on employees and customers shall be kept confidential.

Donations made by the Company shall be duly announced to all beneficiaries and the public.

## Human Resources Policies

No discrimination with respect to race, ethnic background, nationality, religion or gender shall be practiced as regards human resources, equally qualified persons shall have equal opportunities, performance and productivity shall be the basis of remuneration and promotion policies, an open-door policy shall be adopted.

In order to achieve effective performance of duties, managers shall be chosen from among those persons who possess the professional qualifications required for the job.

Employees shall be provided a safe and secure working environment and opportunities for professional development.

Besides the training of personnel to achieve their individual and professional development, employees shall also be provided with first aid, earthquake, fire and other forms of disaster training.

## Social Responsibility

Sensitivity to the environment and wild life, consumer rights and public health and all regulations governing these areas is primary.

Projects shall be developed to ensure that the Company fulfills its social responsibilities and the cooperation of relevant organizations shall be enlisted for this purpose.

## Company Interests

No employee shall submit to pressures that may result in an outcome that would prove to be against the interests of shareholders nor may an employee accept material gain in any form.

Employees shall exclusively protect the interests of the Company in all decisions related to business, refraining from consideration of individual and family concerns and interests.

Employees shall show maximum care with regard to Company expenses, acting with prudence and cost awareness.

## Business Ethics and Behavior

All employees shall carry out their duties equitably, in transparency, with accountability and responsibility.

Mutual respect, trust and cooperation are fundamental in relations between employees.

The resources and opportunities presented by the Company may not be used to support political activity and no political activity may be conducted within the Company, no donations may be made to political parties and no support of political campaigns may be exercised.

Political, social and religious views may not be expressed or discussed in the working environment.

In principle, employees may not be employed in another job outside of the Company. On the other hand, employees are encouraged to fulfill their own social responsibilities. For this purpose and with the approval of the Board of Directors, personnel may be engaged in an association, foundation, professional or educational institution performing public service.

All employees shall fulfill their responsibilities to protect and develop the respected image of the Company. In this context, all employees shall be expected to conduct their personal actions and behavior within the framework of the law and general principles of ethics.

Employees may not use confidential or undisclosed information about the Company for their own interest or to benefit third persons.

Employees may not directly or indirectly accept a gift in connection with Company business, nor provide a benefit or accept a loan from persons or firms engaged in business with the Company.

Statements to the press and to the media, the publication of articles in the press and participation in conferences as a speaker may be achieved only within the framework of the Company's internal regulations and with the approval of the CEO and/or the Chairman of the Board.



# Audit Report

## TO THE PRESIDENCY OF THE GENERAL ASSEMBLY OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

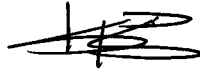
The Company's internal audit activities for the Accounting Period 2012 are hereby presented to your scrutiny.

1. It was observed that the books, folders and records were duly kept in accordance with the nature and importance of the enterprise, and that book keeping was in compliance with the laws, accounting procedures and principles, the Articles of Association, and the provisions of the Turkish Commercial Code.
2. It was observed that the figures featuring in the Company's financial statements are in accordance with the book records, and in compliance with the provisions of the Articles of Association, and the provisions of the Turkish Commercial Code. It was seen that the financial statements submitted to the General Assembly the Board of Directors are in compliance with the principles of the Turkish Commercial Code and in accordance with the official book records.
3. It was observed that the resolutions concerning Company Management were recorded in the resolution ledger as per applicable procedures.

As a result, we hereby submit to your scrutiny the Company activities and relevant financial statements as summarized in the report issued by the Board of Directors.



**MEMDUH COŞKUNER**  
AUDITOR



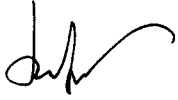
**KORHAN KURTOĞLU**  
AUDITOR

# Audit Committee Resolution

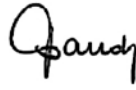
**DATE : April 2, 2013**  
**SUBJECT : Disclosure of Financial Statements for the Accounting Period**  
**January 1, 2012 - December 31, 2012**

We have examined the consolidated financial report for the accounting period from January 1, 2012 to December 31, 2012 which is prepared pursuant to the Communiqué Serial: XI, No. 29 issued by the Capital Markets Board (CMB) and in accordance with the International Financial Reporting Standards, presented in line with the principles set forth by the CMB, independently audited, and presented in comparison with the previous period, and we have received the opinions of the executives in charge of the preparation of the report.

Within the framework of the information available to us and the data presented to us, we have shared our opinion with the executives in charge of preparing the said financial report. In our opinion, the financial report reflects the truth about the Company's activity results, does not include any misleading deficiencies and complies with CMB's regulations.  
ine varılmıştır.



**TAYFUN BAYAZIT**  
PRESIDENT



**ALİ PANDIR**  
MEMBER

# Corporate Governance Committee Resolution

**DATE** : April 2, 2013  
**SUBJECT** : Annual Report and Corporate Governance Principles Compliance Report for the Accounting Period 01.01.2012 - 31.12.2012

We have examined the Annual Reports 2012 prepared in line with the Capital Markets Board's (CMB) Serial: XI, No: 29 "Communiqué on Financial Reporting in Capital Markets" and the Ministry of Customs and Trade's "Regulation on the Determination of Minimal Content of Annual Reports", and the Corporate Governance Principles Compliance Report 2012 presented in line with the principles outlined in CMB's Weekly Bulletin dated February 1, 2013 and numbered 2013/4 (Board resolution dated February 1, 2013 and numbered 4/88), and have received the opinion of the executives in charge of preparing the said reports.

Within the framework of the information available to us and the data presented to us, we have shared our opinion with the executives in charge of preparing the Annual Report 2012 and Corporate Governance Principles Compliance Report 2012. In our opinion, the said reports reflect the truth about the Company's activity results, do not include any misleading deficiencies and comply with applicable regulations.



**TAYFUN BAYAZIT**  
PRESIDENT



**İMRE BARMANBEK**  
MEMBER



**MURAT DOĞU**  
MEMBER

# Board of Directors' Statement of Responsibility on the Approval of the Reports

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**RESOLUTION OF THE BOARD OF DIRECTORS ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORTS**

**RESOLUTION DATE : April 10, 2013**

**Ref. No.: 512**

**RESOLUTION NR. : 2013/13**

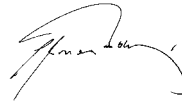
**STATEMENT OF RESPONSIBILITY PURSUANT TO THE COMMUNIQUÉ SERIAL XI, NR. 29, SECTION 3, ARTICLE 9 ISSUED BY THE CAPITAL MARKETS BOARD**

Having examined Doğan Şirketler Grubu Holding A.Ş. consolidated financial statements, which are prepared pursuant to the provisions of the Communiqué Serial XI, Nr. 29 issued by the Capital Markets Board (CMB) and in accordance with the International Financial Reporting Standards, are presented in line with the principles set forth by the regulations and resolutions by the CMB, are independently audited, for the accounting period from January 1, 2012 to December 31, 2012 and the annual report for the period from January 1, 2012 to December 31, 2012, within the framework of information available in so far as its duties and responsibilities are concerned, the Board concluded that,

- the financial statement and the annual report do not contain any misrepresentation of the facts on major issues, or any omissions that may be construed as misleading as of the date of the disclosure;
- the financial statements, which are prepared in accordance with the standing financial reporting standards, reflect the facts about the assets, liabilities, financial condition, profit and loss of the Company truthfully together with its consolidated subsidiaries and that the annual report reflect the progress and the performance of the business, and the financial condition of and the risks and uncertainties faced by the Company truthfully together with its consolidated subsidiaries.



**YAHYA ÜZDİYEN**  
EXECUTIVE DIRECTOR  
AND CEO



**AHMET TOKSOY**  
CFO



# Board of Directors' Resolution on the Approval of Reports

**DATE** : APRIL 10, 2013  
**NR.** : 13

The Company's Board of Directors convened at the Company's Head Office with the participation of the undersigned members for discussion and resolution of the issues on the agenda.

Agenda: Approval of the Financial Report, Annual Report and Corporate Governance principles Compliance Report

## **RESOLUTION** :

As a result of the deliberations, the Board of Directors resolved unanimously,

1. to ratify the consolidated financial statements, which are submitted to the Board of Directors by the Audit Committee with an opinion of compliance along with amendment suggestions and which are prepared pursuant to the legislation of the Communiqué Serial XI, Nr. 29 issued by the Capital Markets Board (CMB) and in accordance with the International Accounting Standards and the International Financial Reporting Standards, are presented in line with the principles set forth in the related resolutions by the CMB, are independently audited and are presented in comparison with the previous period, for the accounting period from January 1, 2012 to December 31, 2012, and to submit them for the approval of the General Assembly,

2. to ratify the herewith attached "Annual Report" and "Corporate Governance Compliance Report" for the year 2012, submitted to the Board of Directors with an opinion of approval of the Corporate Governance Committee and other relevant executives, and to submit these reports to the shareholders.



**Y. BEGÜMHAN DOĞAN FARALYALI**  
CHAIRPERSON



**HANZADE V. DOĞAN BOYNER**  
VICE CHAIRPERSON



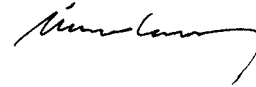
**ARZUHAN YALÇINDAĞ**  
MEMBER



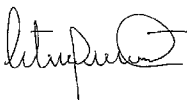
**VUSLAT SABANCI**  
MEMBER



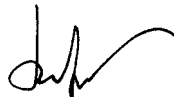
**YAHYA ÜZDÜYEN**  
EXECUTIVE DIRECTOR




**İMRE BARMANBEK**  
MEMBER



**ERTUĞRUL FEYZİ TUNCER**  
MEMBER



**TAYFUN BAYAZIT**  
MEMBER



**ALİ PANDIR**  
MEMBER

# Dividend Distribution Policy

Dividends will be distributed in the form of cash and/or bonus shares, with due consideration to the governing legislation, the Company's strategy for growth, performance and investment and funding requirements, as well as sector-specific, national and international economic conditions, and in a manner to allow the optimization of its financial structure.

# Dividend Distribution Proposal

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. BOARD OF DIRECTORS' RESOLUTION

**MEETING DATE** : APRIL 10, 2013

**RESOLUTION NO** : 14

The Company's Board of Directors convened at the Company's Head Office with the participation of the undersigned members for discussion and resolution of the issues on the agenda.

**AGENDA** : Dividend distribution proposal for the fiscal year January 1, 2012 to December 31, 2012

**RESOLUTION** :

As a result of the deliberations, in accordance with Turkish Commercial Code's Article 390/IV, it was resolved unanimously that:

With due consideration of the Turkish Commercial Code, Capital Markets Legislation, CMB Regulations, Corporate Tax Law, Income Tax Law, and other applicable legislation, as well as the Company's Articles of Association and the Dividend Distribution Policy disclosed to the public;

- The shareholders be advised and the General Assembly be asked to ratify that since the Company, according to the financial statements that are prepared for the fiscal year January 1, 2012 to December 31, 2012 in compliance with International Accounting Standards and International Financial Reporting Standards pursuant to the Capital Markets Board's Communiqué Series: XI, No. 29, presented as specified by the Capital Markets Board's regulations and resolutions and audited independently, has a "net profit for the period" of TL 155,671 thousand when "tax expense for the period", "deferred tax expense" and "minority interests" are considered jointly; however, after the deduction of TL 831,377 thousand in "loss from previous years" and the addition of TL 4,072 thousand in donations, the result is a "net profit for the period" of TL 671,634 thousand, and the Company cannot make any dividend payments for the fiscal year January 1, 2012 to December 31, 2012 pursuant to the profit distribution regulations of the Capital Markets Board;
- The General Assembly be asked to ratify that the "net loss for the period" for the fiscal year January 1, 2012 to December 31, 2012 is calculated as TL 66,386,973.06 according to the Company's legal statements kept in accordance with the Turkish Commercial Code and the Tax Procedure Law; and that TL 61,379,681.93 of income exempt from tax previously kept at a "special fund account" in compliance with Corporate Tax Code for five years to benefit from tax exemption, shall be transferred to "Extraordinary Reserves" due to the completion of the five-year period.

**Y. BEGÜMHAN DOĞAN FARALYALI**  
CHAIRPERSON

**HANZADE V. DOĞAN BOYNER**  
VICE CHAIRPERSON

**ARZUHAN YALÇINDAĞ**  
MEMBER

**VUSLAT SABANCI**  
MEMBER

**YAHYA ÜZDÜYEN**  
EXECUTIVE DIRECTOR

**İMRE BARMANBEK**  
MEMBER

**ERTUĞRUL FEYZİ TUNCER**  
MEMBER

**TAYFUN BAYAZIT**  
MEMBER

**ALİ PANDIR**  
MEMBER

# Dividend Distribution Statement

## DOĞAN ŞİRKETLER GRUBU HOLDING A.Ş., 2012 DIVIDEND DISTRIBUTION STATEMENT (TL THOUSAND)

1	Issued Capital	2,450,000	
2	Total Legal Reserves (According to Statutory Records)	124,163	
	Whether there is a privilege in profit distribution granted pursuant to the Articles of Association and information thereof:	None	
		<b>CMB (IFRS)</b>	<b>Statutory Records</b>
3	Profit/Loss for the Period (-) <sup>(1)</sup>	323,969	-66,387
4	Taxes (-/+) <sup>(2)</sup>	-66,380	0
	Non-Controlling, Minority Shares (-)	-101,918	0
5	Net Profit/Loss for the Period (-)	155,671	-66,387
6	Losses from Previous Years (-)	-831,377	0
7	First Legal Reserves (-)	0	0
8	NET DISTRIBUTABLE PROFIT/(LOSS) FOR THE PERIOD	-675,706	-66,387
9	Donations over the Year (+)	4,072	
10	Net Distributable Profit/(Loss) for the Period, including Donations, as basis for calculating the First Dividend <sup>(3)</sup>	-671,634	
11	First Dividend to Shareholders (20%)	0	
	Cash	0	
	Bonus	0	
	Total	0	
12	Dividend to Preferred Shareholders	0	
13	Dividend to the Board Members, Employees, et al.	0	
14	Dividend to Redeemed Shareholders	0	
15	Second Dividend to Shareholders	0	
16	Second Legal Reserves	0	
17	Statutory Reserves	0	0
18	Special Reserves	0	0
19	Extraordinary Reserves	0	0
20	Other Distributable Resources	0	0
	Profits from the Previous Year	0	0
	Extraordinary Reserves	0	0
	Other Distributable Reserves Pursuant to the Law and the Articles of	0	0

<sup>(1)</sup> "Net Profit for the Period from Continuing Operations"

<sup>(2)</sup> Taxes amounting to TL 84,205 thousand; consist of "Tax Expenses for the Period" [(-) TL 80,149 thousand] and "Deferred Tax Expenses" [(+) TL 17,825 thousand].

<sup>(3)</sup> There is no distributable profit for the period.

DIVIDEND PER SHARE	GROUP	TOTAL AMOUNT OF DIVIDEND (TL)	DIVIDEND PER SHARE WITH A NOMINAL VALUE OF TL 1	
			AMOUNT (TL)	SHARE (%)
GROSS	-	0	0	0
NET	-	0	0	0
RATIO OF DIVIDEND DISTRIBUTED TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS				
AMOUNT OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL)		RATIO OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS		
0		0		





# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2012  
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

## CONVENIENCE TRANSLATION OF INDEPENDENT AUDIT REPORT INTO ENGLISH ORIGINALLY ISSUED IN TURKISH

### INDEPENDENT AUDIT REPORT

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

1. We have audited the accompanying consolidated balance sheet of Doğan Şirketler Grubu Holding A.Ş. (the "Company"), its subsidiaries and joint ventures (together the "Group") as at 31 December 2012 and the related consolidated statement of income, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory notes.

#### *Group Managements' Responsibility for the Financial Statements*

2. The Group Management is responsible for preparation and fair presentation of these financial statements in accordance with accounting standards published by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

#### *Opinion*

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of consolidated financial position of Doğan Şirketler Grubu Holding A.Ş. (the "Company"), its subsidiaries and joint ventures as at 31 December 2012, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

*Without qualifying our opinion, we draw attention to the following:*

5. As explained in detail in Note 2.1.6, the Group management has decided to present their investment properties from their fair values and restated prior year consolidated financial statements accordingly.

Istanbul, 10 April 2013

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



Saim Üstündağ  
Partner

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2012

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

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# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012, 2011 AND 2010

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

ASSETS	Notes	USD <sup>(*)</sup> 31 December 2012	Audited 31 December 2012	Restated Audited 31 December 2011	Restated Audited 31 December 2010
<b>Current assets</b>			<b>4.193.289</b>	<b>4.989.796</b>	<b>4.772.149</b>
Cash and cash equivalents	6	1.257.860	2.242.262	3.468.486	3.464.537
Financial investments	7	97.427	173.674	191.672	197.770
Trade receivables					
- Due from related parties	31	7.839	13.974	4.511	11.168
- Other trade receivables	9	408.011	727.320	679.652	656.128
Other receivables					
-Due from related parties	31	1.953	3.482	3.702	-
-Other receivables	10	236.049	420.781	34.858	13.991
Derivative financial instruments	7	618	1.102	4.640	382
Inventories	11	132.295	235.829	253.104	216.179
Biological Assets	12	117	208	74	25
Other current assets	20	210.165	374.640	268.410	211.969
<b>Sub-total</b>		<b>2.352.335</b>	<b>4.193.272</b>	<b>4.909.109</b>	<b>4.772.149</b>
Non-current assets held for sale		10	17	80.687	-
<b>Non-current assets</b>		<b>2.510.588</b>	<b>4.475.374</b>	<b>3.698.687</b>	<b>3.298.372</b>
Trade receivables	9	93.670	166.977	133.527	88.928
Other receivables	10	73.672	131.327	417.005	2.126
Inventories	11	-	-	18.096	17.941
Financial investments	7	1.243	2.216	5.730	8.314
Investment property	13	188.615	336.225	191.038	175.478
Property, plant and equipment	14	945.044	1.648.983	1.202.061	932.846
Intangible assets	14	605.053	1.078.567	727.226	859.335
Goodwill	15	291.124	518.957	539.951	896.653
Deferred tax asset	29	65.336	116.468	90.124	96.991
Other non-current assets	20	266.832	475.654	373.929	219.760
<b>Total assets</b>		<b>4.862.932</b>	<b>8.668.663</b>	<b>8.688.483</b>	<b>8.070.521</b>

These consolidated financial statements as of and for the period ended 31 December 2012 has been approved by the Board of Directors on 10 April 2013.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012, 2011 AND 2010

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

		USD <sup>(*)</sup>	Audited	Restated Audited	Restated Audited
LIABILITIES	Notes	31 December 2012	31 December 2012	31 December 2011	31 December 2010
<b>Current liabilities</b>		<b>1.354.944</b>	<b>2.415.324</b>	<b>2.027.289</b>	<b>1.833.917</b>
Financial borrowings	8	879.483	1.567.766	934.850	1.024.341
Other financial liabilities	8	112.374	200.318	71.561	56.863
Derivative financial liabilities	8	1.531	2.730	6.610	9.687
Trade payables					
- Due to related parties	31	19.854	35.392	246	1.197
- Other trade payables	9	211.779	377.518	444.997	395.148
Other payables	10	57.341	102.216	89.907	80.540
Income tax payable	29	5.518	9.837	38.858	76.462
Provisions	17	17.326	30.886	44.093	89.010
Other current liabilities	20	49.737	88.661	396.167	100.669
<b>Non-current liabilities</b>		<b>1.213.350</b>	<b>2.162.917</b>	<b>2.769.322</b>	<b>1.579.901</b>
Financial borrowings	8	812.558	1.448.466	1.623.232	1.085.676
Other financial liabilities	8	176.666	314.924	456.520	238.693
Trade payables					
- Due to related parties	31	20.552	36.636	-	-
- Other trade payables	9	-	-	-	1.114
Other payables	10	31.259	55.722	96.452	77.900
Provisions		-	-	265	-
Provision for employment benefits	19	55.187	98.377	49.311	46.895
Other non-current liabilities	20	7.014	12.503	405.583	-
Deferred tax liability	29	110.114	196.289	137.959	129.623
<b>EQUITY</b>		<b>2.294.638</b>	<b>4.090.422</b>	<b>3.891.872</b>	<b>4.656.703</b>
<b>Equity attributable to equity holders of the Parent Company</b>	<b>21</b>	<b>1.784.476</b>	<b>3.181.007</b>	<b>3.069.867</b>	<b>3.891.964</b>
Issued capital	21	1.374.397	2.450.000	2.450.000	2.450.000
Adjustment to issued capital	21	80.115	143.526	143.526	143.526
Share premium	21	1.325	2.362	2.362	2.362
Value increased fund	21	1.174	2.092	(4.056)	13.918
Translation reserves	21	30.118	53.688	67.538	(3.939)
Restricted reserves	21	675.442	1.204.043	1.181.749	428.498
Gains on revaluation of investment property		562	1.002	-	-
Accumulated losses	21	(466.384)	(831.377)	(17.517)	173.975
Net income/ (loss) for the period		87.328	155.671	(753.735)	683.624
<b>Non-controlling interests</b>		<b>510.162</b>	<b>909.415</b>	<b>822.005</b>	<b>764.739</b>
<b>Total liabilities</b>		<b>4.862.932</b>	<b>8.668.663</b>	<b>8.688.483</b>	<b>8.070.521</b>

Commitments

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

		USD <sup>(*)</sup> Audited 1 January- 31 December 2012	Audited 1 January- 31 December 2012	Restated Audited 1 January- 31 December 2011
	Note References			
<b>Continued operations</b>				
Sales	22	1.770.742	3.156.524	2.860.678
Cost of sales (-)	22	(1.240.609)	(2.211.509)	(2.060.810)
<b>Gross profit</b>	<b>22</b>	<b>530.133</b>	<b>945.015</b>	<b>799.868</b>
Marketing, sales and distribution expenses (-)	23	(230.691)	(411.229)	(381.169)
General administrative expenses (-)	23	(229.750)	(409.553)	(394.371)
Other operating income	25	191.608	341.560	99.549
Other operating expenses (-)	25	(87.046)	(155.168)	(1.213.403)
<b>Operating profit/ (loss)</b>		<b>174.254</b>	<b>310.625</b>	<b>(1.089.526)</b>
Financial income	26	260.254	463.928	972.076
Financial expenses (-)	27	(252.268)	(450.584)	(770.442)
<b>Profit/ (loss) before income taxes</b>		<b>181.740</b>	<b>323.969</b>	<b>(887.892)</b>
<b>Tax (expense)/income</b>	<b>29</b>	<b>(37.238)</b>	<b>(66.380)</b>	<b>(206.560)</b>
Current income tax expense		(47.237)	(84.205)	(191.523)
Deferred tax income/ (expense)		9.999	17.825	(15.037)
<b>Profit/ (loss) for the period from continued operations</b>		<b>144.502</b>	<b>257.589</b>	<b>(1.094.452)</b>
<b>Discontinued operations</b>				
<b>Net income for the period from discontinued operations after income taxes</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>132.278</b>
<b>Net profit/ (loss) for the period</b>		<b>144.502</b>	<b>257.589</b>	<b>(962.174)</b>
<b>Allocation of net profit/ (loss) for the period</b>				
Attributable to non-controlling interests		57.174	101.918	(208.439)
<b>Attributable to equity holders of the Parent Company</b>		<b>87.328</b>	<b>155.671</b>	<b>(753.735)</b>
Earning/ (loss) per share attributable to equityholders of the Parent Company (Kr)	30	0,0359	0,064	(0,308)
Earning/ (loss) per share attributable to equity Holders of the Parent Company from c ontinued operations	30	0,0359	0,064	(0,339)

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	USD <sup>(*)</sup> 1 January - 31 December 2012	Audited 1 January - 31 December 2012	Restated Audited 1 January - 31 December 2011
	References			
<b>Profit/ (loss) for the period</b>		<b>144.502</b>	<b>257.589</b>	<b>(962.174)</b>
<b>Other comprehensive income/(expense):</b>				
The fair value of investment properties		844	1.504	-
Deferred tax effect of the fair value of investment properties		(42)	(75)	-
Actuarial loss on defined retirement benefit plans		(26.503)	(47.244)	-
Deferred tax effect of actuarial losses on defined retirement benefit plans		5.288	9.426	-
Change in financial assets fair value reserve		3.449	6.148	(4.703)
Change in translation reserves		(9.291)	(16.563)	113.046
<b>Other Comprehensive Income (After Income Tax)</b>		<b>(26.256)</b>	<b>(46.804)</b>	<b>108.343</b>
<b>Total Comprehensive Income/Expense</b>		<b>118.246</b>	<b>210.785</b>	<b>(853.831)</b>
<b>Allocation of total comprehensive income/ (expense) for the period:</b>				
Attributable to non-controlling interests		48.915	87.195	(166.870)
<b>Attributable to equity holders of the Parent Company</b>		<b>69.331</b>	<b>123.590</b>	<b>(686.961)</b>

<sup>(\*)</sup> As explained in the Note 2.1.8 to the condensed consolidated financial statements, USD amounts shown in these condensed consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate. Thus, USD amounts do not form a part of the condensed consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as at 31 December 2012.

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	Share Capital	Adjustment to Capital	Share Premium	Financial asset fair value reserve	Translation reserve	Restricted reserve	Retained earnings	Net profit / (loss) for the period	Equity Attributable to equity holders of the company	Non-controlling interest	Total shareholder's equity
<b>Balances at 1 January (previously reported)</b>	21	2.450.000	143.526	2.362	13.918	(3.939)	428.498	173.975	656.204	3.864.544	756.498	4.621.042
Effect of changes in accounting policy (Note 2.1.6)		-	-	-	-	-	-	-	27.420	27.420	8241	35.661
<b>Balances at 1 January 2011 (restated)</b>		2.450.000	143.526	2.362	13.918	(3.939)	428.498	173.975	683.624	3.891.964	764.739	4.656.703
Transfer from retained earnings		-	-	-	-	-	753.251	(69.627)	(683.624)	-	-	-
Participation in the capital increase of non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	257.057	257.057
Sales of financial assets		-	-	-	(13.271)	-	-	13.271	-	-	-	-
Dividend payment		-	-	-	-	-	-	-	-	-	(17.054)	(17.054)
The effect of inflation accounting		-	-	-	-	-	-	88	-	88	125	213
Business combination and the effect of change in consolidation ratio		-	-	-	-	-	-	5.126	-	5.126	(12.247)	(7.121)
Financial liabilities that are subject to non-controlling interest put options		-	-	-	-	-	-	(140.350)	-	(140.350)	(4.637)	(144.987)
Other <sup>(1)</sup>		-	-	-	-	-	-	-	-	-	892	892
Total comprehensive income		-	-	-	(4.703)	71.477	-	-	(753.735)	(686.961)	(166.870)	(853.831)
-Change in the financial asset fair value reserve, net		-	-	-	(4.703)	-	-	-	-	(4.703)	-	(4.703)
-Currency translation differences		-	-	-	-	71.477	-	-	-	71.477	41.569	113.046
Net loss for the period		-	-	-	-	-	-	-	(753.735)	(753.735)	(208.439)	(962.174)
<b>Balances at 31 December 2011</b>	21	2.450.000	143.526	2.362	(4.056)	67.538	1.181.749	(17.517)	(753.735)	3.069.867	822.005	3.891.872

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	Share Capital	Adjustment to Share Capital	Share Premium	Financial Asset Reserve	Investment property revaluation reserve	Translation reserve	Restricted reserves	Retained earnings karlıları/ losses	Net profit/ loss for the period	Attributable to equity holders of the parent company	Non-controlling interests	Total Equity
<b>Balances at 1 January (previously reported)</b>	<b>21</b>	<b>2.450.000</b>	<b>143.526</b>	<b>2.362</b>	<b>(4.056)</b>	-	<b>67.538</b>	<b>1.181.749</b>	<b>(44.937)</b>	<b>(757.144)</b>	<b>3.039.038</b>	<b>812.031</b>	<b>3.851.069</b>
Effect of changes in accounting policy (Note 2.16)		-	-	-	-	-	-	-	27.420	3.409	30.829	9974	40.803
<b>Balances at 1 January 2012 (restated)</b>		<b>2.450.000</b>	<b>143.526</b>	<b>2.362</b>	<b>(4.056)</b>	-	<b>67.538</b>	<b>1.181.749</b>	<b>(17.517)</b>	<b>(753.735)</b>	<b>3.069.867</b>	<b>822.005</b>	<b>3.891.872</b>
Transfer from retained earnings		-	-	-	-	-	-	22.294	(776.029)	753.735	-	-	-
Capital increases of subsidiaries of non-group		-	-	-	-	-	-	-	-	-	-	-	-
Dividend payments out of group by subsidiaries		-	-	-	-	-	-	-	-	-	-	1973	1973
Option adjustment for non-controlling		-	-	-	-	-	-	-	-	-	-	(10.628)	(10.628)
Interest	17	-	-	-	-	-	-	-	21.374	-	21.374	25.762	47.136
Purchase of subsidiaries' shares	17	-	-	-	-	-	-	-	(32.565)	-	(32.565)	(17.390)	(49.955)
Purchase of shares of subsidiaries from Non-controlling interests		-	-	-	-	-	-	-	(882)	-	(882)	-	(882)
Purchase of shares of entities under common control		-	-	-	-	-	-	-	(377)	-	(377)	(247)	(624)
Other <sup>(1)</sup>		-	-	-	-	-	-	-	-	-	-	745	745
Total comprehensive income		-	-	-	6.148	1.002	(13.850)	-	(25.381)	155.671	123.590	87.195	210.785
-Financial assets fair value reserves (net)		-	-	-	6.148	-	-	-	-	-	6.148	-	6.148
-Investment property revaluation reserves		-	-	-	-	1.002	-	-	-	-	1.002	427	1.429
-Actuarial loss on defined retirement benefit plans		-	-	-	-	-	-	-	(25.381)	-	(25.381)	(12.437)	(37.818)
-Currency translation differences		-	-	-	-	-	(13.850)	-	-	-	(13.850)	(2.713)	(16.563)
-Net profit for the period		-	-	-	-	-	-	-	-	155.671	155.671	101.918	257.589
<b>Balances at 31 December 2012</b>	<b>21</b>	<b>2.450.000</b>	<b>143.526</b>	<b>2.362</b>	<b>2.092</b>	<b>1.002</b>	<b>53.688</b>	<b>1.204.043</b>	<b>(831.377)</b>	<b>155.671</b>	<b>3.181.007</b>	<b>909.415</b>	<b>4.090.422</b>

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEARS ENDED 1 JANUARY – 31 DECEMBER 2012 AND 2011

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

		USD (*)	Audited	Restated
		1 January -	1 January -	Audited 1
	Notes	31 December 2012	31 December 2012	January-31
				December 2011
Profit/ (loss) before income taxes from continues operations		181.740	323.969	(887.892)
Loss before income taxes from discontinued operations	28	-	-	153.465
<b>Adjustments:</b>				
Depreciation and amortization	13-14	117.578	209.595	231.730
Provision for employment termination benefits	19	8.391	14.957	23.731
Interest expense	27	55.316	98.607	120.295
Currency translation differences		(4.822)	(8.596)	55.810
Change in fair value of derivative financial instruments		(192)	(342)	(7.335)
Gain on sale of property, plant and equipment	25	(104.073)	(185.521)	(7.269)
Loss on sale of property, plant and equipment	25	10.297	18.355	7.475
Provision for impairment of goodwill		11.936	21.278	103.895
Provision for impairment property, plant and equipment and intangible assets	13-14	1.048	1.868	46.052
Investment property at fair value		(6.317)	(11.261)	(3.517)
Gain on sale of subsidiary	25-28	(1.367)	(2.436)	(247.868)
Provision of doubtful receivable	25	22.632	40.344	39.019
Reversal of provision for doubtful receivables	9	-	-	(3.664)
Provision for other doubtful receivables (net)	20	(48)	(86)	273
Finance expense for tax liability in dispute and tax base increase regarding 6111 law		11.284	20.115	39.967
Disputed tax debt expense regarding 6111 law		-	-	844.993
Tax base increase liability regarding 6111 law	25	-	-	89.560
Competition authority penalty	25	-	-	4.923
Gain on sale of available for sale financial assets	25	-	-	(11.278)
Unearned finance income due to sales with maturity and credit finance expense	27	9.749	17.378	17.554
Provision for impairment on inventories	25	2.139	3.813	1.665
Reversal of provision for impairment on inventories	11	(1.894)	(3.376)	(2.620)
Interest income	26	(93.986)	(167.540)	(199.391)
Unearned finance expense due to purchases with maturity and credit finance income	26	(32.472)	(57.885)	(51.338)
Unrealized foreign exchange (gain)/loss (net)		(72.720)	(129.631)	398.082
Provision for lawsuits	17	7.284	12.986	7.380
Reversal of provision for lawsuits	17	(1.222)	(2.178)	(4.731)
Provision for withholding tax	17	-	-	1.751
Reversal of provision for withholding tax	17	(12.414)	(22.130)	(7.710)
Cancellation of tax penalty		-	-	(4.977)
Annulment indemnity of put option agreement of Turner	25	(25.674)	(45.767)	-
Loss from withdrawal from 2.and 3. section of Milpark project	25	14.086	25.110	-
Provision for unused vacation		5.671	10.110	18.327
		<b>101.950</b>	<b>181.736</b>	<b>766.357</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 1 JANUARY – 31 DECEMBER 2012 AND 2011

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

		USD (*) 1 January- 31 December 2012	Audited 1 January- 31 December 2012	Restated Audited 1 January- 31 December 2011
<b>Change in assets and liabilities:</b>	<b>Notes</b>	<b>31 December 2012</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Decrease/(increase) in financial investments		16.386	29.209	(22.013)
Decrease in trade receivables and due from related parties		(83.757)	(149.304)	(191.381)
Collections from doubtful receivables	9	8.508	15.166	28.870
Decrease/(increase) in inventories		3.422	6.100	(43.579)
Decrease/(increase) in other current and non-current assets		(56.112)	(100.025)	(88.886)
(Decrease)/increase in trade payables and due to related parties		(9.022)	(16.083)	66.417
Decrease in other current assets		16.976	30.261	47.167
Decrease in other non-current assets		(1.416)	(2.524)	(24.268)
Increase in other current liabilities		(22.868)	(40.765)	71.442
Increase in other payables		9.249	16.487	38.783
Employment termination benefits paid	19	(7.368)	(13.135)	(9.499)
Unused vacation liability paid	20	(3.935)	(7.015)	(9.664)
Tax paid	29	(63.517)	(113.226)	(251.471)
Provision for lawsuits paid	17	(2.055)	(3.663)	(8.078)
Provision for tax penalty paid	17	-	-	(28.545)
Increase/(decrease) in debt provisions		(1.057)	(1.885)	(53.632)
Increase in long term liabilities		(709)	(1.263)	91.229
Tax liability in dispute paid regarding 6111 law		(349.930)	(623.785)	(216.508)
Tax base increase paid regarding 6111 law		(12.444)	(22.182)	(72.408)
Increase in blocked deposits		(133.678)	(238.295)	(205.824)
<b>Net cash used in operating activities:</b>		<b>(591.377)</b>	<b>(1.054.191)</b>	<b>(115.491)</b>
<b>Investing activities:</b>				
Acquisition of property, plant and equipment and intangible assets		(254.386)	(453.469)	(606.198)
Purchase of investment property	13	(83.621)	(149.063)	(32.429)
Proceeds from property, plant and equipment and intangible assets		180.477	321.719	42.435
Purchasing share of subsidiary	3	(28.869)	(51.461)	(7.121)
Purchasing subsidiary		(172.267)	(307.083)	-
Cash provided from sale of financial investment		-	-	36.225
Cash provided from sale of subsidiary		-	-	293.594
<b>Net cash used in investing activities</b>		<b>(358.666)</b>	<b>(639.357)</b>	<b>(273.494)</b>
<b>Financing activities:</b>				
Increase in financial borrowings		208.467	371.614	94.773
Interest received		83.118	148.167	194.640
Interest paid		(77.881)	(138.831)	(141.273)
Increasing capital of non-controlling interests		1.107	1.973	257.057
Dividends paid to non-controlling interests		(5.962)	(10.628)	(17.054)
Increase in other payables to related to parties	31	20.552	36.636	-
Cash provided from exported financial instrument		21.889	39.020	39
<b>Net cash (used in)/ provided from financing activities</b>		<b>251.290</b>	<b>447.951</b>	<b>388.182</b>
Net decrease in cash and cash equivalents		(698.753)	(1.245.597)	(803)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6</b>	<b>1.939.878</b>	<b>3.458.026</b>	<b>3.458.829</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>1.241.125</b>	<b>2.212.429</b>	<b>3.458.026</b>

(\*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 31 December 2012.

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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 September 22, 1980 as a corporation to coordinate the activities of and liaise between companies operating in different fields including media, energy, telecommunications, tourism, manufacturing and marketing and is registered in Turkey. Doğan Holding also provides financial and managerial advisory and internal audit services to its subsidiaries and joint ventures operating in these fields.

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("Borsa İstanbul") since June 21, 1993. As of 31 December 2012, %31,97 shares of Doğan Holding are offered to the public (31 December 2011: %32,46). Within the frame of Resolution No.21/655 dated 23 July 2010 of CMB; according to the records of Central Registry Agency, the %34,29 shares of Doğan Holding are to be considered in circulation (Note 21).

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

Burhaniye Mahallesi Kısıklı Caddesi No: 65  
Üsküdar 34696 İstanbul

Doğan Holding's principal activities are in Turkey and its activities are presented under three segments for reporting purposes as of 31 December 2012:

- Media
- Retail
- Other

As a result of Doğan Holding's purchase of Doğan Yayın Holding A.Ş.'s subsidiary Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. shares as of 16 January 2012, it has been decided that operation results of Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. and its subsidiary Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. will be specified as a different reporting unit and these subsidiaries' operation results have been represented as "retail" segment since the date of share purchase.

"Other" operations mainly comprise of trade, tourism, telecommunications, manufacturing, energy and real estate. These companies are not considered as separate reportable segments since the effects of the operating results are below materiality when compared with consolidated results.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 1-ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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

Subsidiaries	Country	Nature of business	Segment
Doğan Yayın Holding A.Ş. ("Doğan Yayın Holding or DYH")	Turkey	Holding	Media
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Turkey	Newspaper publishing	Media
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım")		Printing and	
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	administrative services	Media
Posta Haber Ajansı A.Ş. ("Posta Haber")	Turkey	Printing services	Media
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Turkey	News agency	Media
Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım")	Turkey	Newspaper publishing	Media
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Turkey	Distribution	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Import and export	Media
Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. ("Doğan Gazetecilik İnternet")	Turkey	News agency	Media
Yenibirlik İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Internet services	Media
Hürriyet Zweigniederlassung GmbH ("Hürriyet Zweigniederlassung")	Turkey	Internet services	Media
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	Germany	Newspaper printing	Media
Doğan Media International GmbH ("DMI")	Germany	Newspaper publishing	Media
Hürriyet Invest B.V. ("Hürriyet Invest")	Germany	Newspaper publishing	Media
Fairworld International Limited ("Fairworld")	The Netherlands	Investment	Media
Falcon Purchasing Services Ltd. ("Falcon")	England	Foreign trade	Media
Trader Media East Ltd. ("TME")	England	Foreign trade	Media
Oglasnik d.o.o.	Jersey	Investment	Media
TCM Adria d.o.o.	Croatia	Newspaper and internet publishing	Media
Expressz Magyarorszag Media Kft <sup>(1)</sup>	Croatia	Investment	Media
Mirabridge International B.V.	Hungary	Newspaper and internet publishing	Media
Publishing International Holding B.V.	The Netherlands	Investment	Media
Pronto Invest B.V.	The Netherlands	Investment	Media
Moje Delo spletni marketing, d.o.o	The Netherlands	Investment	Media
Bolji Posao d.o.o. Serbia	Slovenia	Internet publishing	Media
Bolji Posao d.o.o. Bosnia	Serbia	Internet publishing	Media
OOO RUKOM	Bosnia Herzegovania	Internet publishing	Media
OOO Pronto Aktobe	Russia	Internet publishing	Media
OOO Novoprint	Kazakhstan	Newspaper and internet publishing	Media
OOO Delta-M	Russia	Newspaper and internet publishing	Media
OOO Pronto Baikal	Russia	Newspaper and internet publishing	Media
Job.ru LLC	Russia	Newspaper and internet publishing	Media
OOO Pronto DV	Russia	Newspaper and internet publishing	Media
OOO Pronto Ivanovo	Russia	Internet publishing	Media
OOO Pronto Kaliningrad	Russia	Newspaper and internet publishing	Media
OOO Pronto Kazan	Russia	Newspaper and internet publishing	Media
OOO Pronto Krasnodar	Russia	Newspaper and internet publishing	Media
OOO Pronto Krasnoyarsk	Russia	Newspaper and internet publishing	Media
OOO Pronto Nizhny Novgorod	Russia	Newspaper and internet publishing	Media
OOO Pronto Novosibirsk	Russia	Newspaper and internet publishing	Media
OOO Pronto Oka	Russia	Newspaper and internet publishing	Media
OOO Pronto Samara	Russia	Newspaper and internet publishing	Media
OOO Pronto Stavropol	Russia	Newspaper and internet publishing	Media
OOO Pronto UlanUde	Russia	Newspaper and internet publishing	Media
OOO Pronto Vladivostok	Russia	Newspaper and internet publishing	Media
OOO Pronto Moscow	Russia	Newspaper and internet publishing	Media
OOO Pronto Neva	Russia	Newspaper and internet publishing	Media
OOO Pronto Tambukan	Russia	Newspaper and internet publishing	Media
OOO Utro Peterburga	Russia	Newspaper and internet publishing	Media
OOO Pronto Astrakhan	Russia	Newspaper and internet publishing	Media
OOO Pronto Kemerovo	Russia	Newspaper and internet publishing	Media
OOO Pronto Smolensk	Russia	Newspaper and internet publishing	Media
OOO Pronto Tula	Russia	Newspaper and internet publishing	Media
OOO Pronto Voronezh	Russia	Newspaper and internet publishing	Media
OOO Tambov-Info	Russia	Newspaper and internet publishing	Media
OOO Pronto Obninsk	Russia	Newspaper and internet publishing	Media

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

ENDED 31 DECEMBER 2012

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

### NOTE 1-ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country	Nature of business	Segment
OOO Pronto Pskov	Russia	Internet publishing	Media
OOO SP Belpronto	Belarus	Newspaper and internet publishing	Media
OOO Pronto Rostov	Russia	Newspaper and internet publishing	Media
ZAO Pronto Akzhol	Kazakhstan	Newspaper and internet publishing	Media
TOO Pronto Akmola	Kazakhstan	Newspaper and internet publishing	Media
OOO Pronto Atyrau	Kazakhstan	Newspaper and internet publishing	Media
OOO Pronto Aktau	Kazakhstan	Newspaper and internet publishing	Media
SP Pronto Kiev	Ukraine	Newspaper and internet publishing	Media
OOO Rosprint Samara	Russia	Printing services	Media
OOO Partner-Soft	Russia	Internet publishing	Media
Pronto Soft	Belarus	Internet publishing	Media
TOV E-Prostir	Ukraine	Internet publishing	Media
Impress Media Marketing LLC	Russia	Publishing	Media
OOO Rektcentr	Russia	Investment	Media
ZAO NPK	Russia	Call center	Media
Publishing House Pennsylvania Inc.	USA	Investment	Media
Pronto Ust Kamenogorsk	Kazakhstan	Newspaper publishing	Media
Sklad Dela Prekmurje NGO	Slovenia	Internet publishing	Media
Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. ("Nartek")	Turkey	Internet publishing	Media
Doğan TV Holding A.Ş. ("Doğan TV Holding")	Turkey	TV Publishing	Media
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	Turkey	TV Publishing	Media
Kanal D Yapımcılık Reklamcılık ve Dağıtım A.Ş.	Turkey	TV Publishing	Media
Mozaiik İletişim Hizmetleri A.Ş. ("Mozaiik" or "D-smart")	Turkey	TV Publishing	Media
Doruk Televizyon ve Radyo Yayıncılık A.Ş. ("Doruk Televizyon" or "CNN Türk")	Turkey	TV Publishing	Media
Doğan TV Digital Platform İşletmeciliği A.Ş. ("Doğan TV Dijital")	Turkey	TV Publishing	Media
Alp Görsel İletişim Hizmetleri A.Ş. ("Alp Görsel")	Turkey	TV Publishing	Media
Fun Televizyon Yapımcılık Sanayi ve Ticaret A.Ş. ("Fun TV")	Turkey	TV Publishing	Media
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Tempo TV")	Turkey	TV Publishing	Media
Kanal Spor Televizyon ve Radyo Yayıncılık A.Ş. ("Kanal Spor")	Turkey	TV Publishing	Media
Milenyum Televizyon Yayıncılık ve Yapımcılık A.Ş. ("Milenyum TV")	Turkey	TV Publishing	Media
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("TV 2000")	Turkey	TV Publishing	Media
Popüler Televizyon ve Radyo Yayıncılık A.Ş. ("Popüler TV")	Turkey	TV Publishing	Media
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	Turkey	TV Publishing	Media
Bravo Televizyon ve Radyo Yayıncılık A.Ş. ("Bravo TV")	Turkey	TV Publishing	Media
Doğa Televizyon ve Radyo Yayıncılık A.Ş. ("Doğa TV")	Turkey	TV Publishing	Media
Altın Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Altın Kanal")	Turkey	TV Publishing	Media
Stil Televizyon ve Radyo Yayıncılık A.Ş. ("Stil TV")	Turkey	TV Publishing	Media
Selenit Televizyon ve Radyo Yayıncılık A.Ş. ("Selenit TV")	Turkey	TV Publishing	Media
Trend Televizyon ve Radyo Yayıncılık A.Ş. ("Trend TV" or "D Çocuk")	Turkey	TV Publishing	Media
Ekinoks Televizyon ve Radyo Yayıncılık A.Ş. ("Ekinoks TV")	Turkey	TV Publishing	Media
Fleks Televizyon ve Radyo Yayıncılık A.Ş. ("Fleks TV")	Turkey	TV Publishing	Media
Kutup Televizyon ve Radyo Yayıncılık A.Ş. ("Kutup TV")	Turkey	TV Publishing	Media
Galaksi Radyo ve Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Galaksi TV")	Turkey	TV Publishing	Media
Koloni Televizyon ve Radyo Yayıncılık A.Ş. ("Koloni TV")	Turkey	TV Publishing	Media
Atılğan Televizyon ve Radyo Yayıncılık A.Ş. ("Atılğan TV")	Turkey	TV Publishing	Media
Yörünge Televizyon ve Radyo Yayıncılık A.Ş. ("Yörünge TV")	Turkey	TV Publishing	Media
Tematik Televizyon ve Radyo Yayıncılık A.Ş. ("Tematik TV")	Turkey	TV Publishing	Media
Süper Kanal Televizyon ve Radyo Yayıncılık A.Ş. ("Süperkanal") <sup>(2)</sup>	Turkey	TV Publishing	Media
Uydu İletişim Basın Yayın A.Ş. ("Uydu")	Turkey	TV Publishing	Media
Eko TV Televizyon Yayıncılık A.Ş. ("TNT or Eko TV")	Turkey	TV Publishing	Media
Anemon İletişim Hizmetleri A.Ş. ("Anemon")	Turkey	TV Publishing	Media
Yosun İletişim Hizmetleri A.Ş. ("Yosun")	Turkey	TV Publishing	Media
Denizati İletişim Hizmetleri A.Ş. ("Denizati")			
Protema Yapım Reklamcılık ve Dağıtım A.Ş.	Turkey	TV Publishing	Media
in liquidation process ("Protema Yapım")	Turkey	TV Publishing	Media
NetD Dijital Yayıncılık Ticaret A.Ş. ("NetD Dijital Yayıncılık")	Turkey	TV Publishing	Media
Doğan Uydu Haberleşme Hizmetleri ve Telekomünikasyon Ticaret A.Ş. ("Doğan Uydu Haberleşme")	Turkey	TV Publishing	Media

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 1-ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country	Nature of business	Segment
Doğan Teleshopping Pazarlama ve Ticaret A.Ş. ("Doğan Teleshopping" or "Her Eve Lazım")	Turkey	TV Publishing	Media
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("RapsodiRadyo")	Turkey	Radio Publishing	Media
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Turkey	Music and Entertainment	Media
İnteraktif Medya Hizmetleri Geliştirme Pazarlama ve Ticaret A.Ş. ("İnteraktif Medya")	Turkey	Interactive Services	Media
Primetürk GmbH ("Prime Türk")	Germany	Marketing	Media
Osmose Media S.A. ("Osmose Media")	Luxembourg	Marketing	Media
Doğan Media International S.A. ("Kanal D Romanya")	Romania	TV Publishing	Media
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("DMK")	Turkey	Retail	Retail
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Turkey	Retail	Retail
Doğan Faktoring A.Ş. ("Doğan Faktoring") <sup>(1)</sup>	Turkey	Factoring	Media
Doğan Platform Yatırımları A.Ş. ("Doğan Platform")	Turkey	Investment	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Turkey	Trade	Other
Doğan Otomobilcilik Ticaret ve Sanayi A.Ş. ("Doğan Oto")	Turkey	Trade	Other
Enteralle Handels GmbH ("Enteralle Handels")	Germany	Trade	Other
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Otomotiv")	Turkey	Trade	Other
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Turkey	Manufacturing	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Turkey	Manufacturing	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Turkey	Tourism	Other
Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. ("Doğan Organik")	Turkey	Agriculture	Other
Zigana Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Zigana")	Turkey	Energy	Other
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji")	Turkey	Energy	Other
Nakkaştepe Elektrik Üretim ve Yatırımları Sanayi ve Ticaret A.Ş. ("Nakkaştepe Elektrik")	Turkey	Energy	Other
Galata Wind Enerji A.Ş. ("Galata Wind")	Turkey	Energy	Other
Akdeniz Elektrik Üretim ve Yatırımları Sanayi Ticaret A.Ş. ("Akdeniz Elektrik")	Turkey	Energy	Other
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Romania	Real Estate	Other
D Sroy Limited ("D Sroy")	Russia	Real Estate	Other
DHI Investment B.V. ("DHI Investment")	Holland	Investment	Other

<sup>(1)</sup> Related subsidiary has changed its commercial title as of June 30, 2012

<sup>(2)</sup> Related subsidiary has changed its commercial title as of September 25, 2012

<sup>(3)</sup> Related subsidiary has changed its commercial title as of May 11, 2012.

For the purposes of the segmental information in consolidated financial statements, Doğan Holding's separate financial statements have been included in the "other" segment (Note 5).

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.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

###### 2.1.1 Financial Reporting Standards

The Capital Markets Board of Turkey ("CMB") regulates the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. However, IASs/IFRSs will be in effect for the period in which the differences derived from the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") would be announced by Turkish Accounting Standards Board ("TASB"). Accordingly, Turkish Accounting/ Financial Reporting Standards ("TAS"/"TFRS") previously issued by TASB, which do not contradict to the standards adopted, shall be applied.

With the decision taken on March 17, 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, the Group did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its financial statements for the accounting periods starting from 1 January 2005.

Within the scope of CMB's Communiqué No: XI-29 and its announcements clarifying this communiqué the consolidated financial statements have been prepared in accordance with the CMB's Financial Reporting Standards which are based on IAS/IFRS, as the differences of IAS/IFRS, adopted by the European, from those published by IASB have not yet been announced by the relevant local regulatory authority as of the date of these financial statements. The consolidated financial statements and accompanying notes to them have been presented in accordance with the CMB's Communiqué No: XI-29 and its regulations with regard to preparation of financial statements by including the mandatory information.

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

These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

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

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

The results and financial position of all the group entities that have a functional currency different from the presentation currency 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; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (currency translation differences).
- Inflation accounting adjustments have been made for the indirect subsidiaries of the Group operating in Belarus in accordance with IAS 29 standard as of 31 December 2012

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement 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 Associates (collectively referred as the "Group") on the basis set out in sections (a) to (e) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and Note 2.1.2 and application of uniform accounting policies and presentations; adjustments and reclassifications. The financial statements of the companies included in the scope of consolidation and presentation of accounting policies applied by the Group are prepared in accordance with CMB Financial Reporting Standards.

Subsidiaries and joint ventures acquired or disposed of during the accounting period are included in the consolidation from the date at which the control/common control of operations are transferred to the Group and excluded from the consolidation when the control/common 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.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.1.3 Consolidation principles (Continued)

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

##### *(a) Subsidiaries*

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

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.1.3 Consolidation principles (Continued)

The table below sets out the proportion of voting power held by Doğan Holding and its subsidiaries and effective ownership interests at 31 December 2012 and 31 December 2011:

	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 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Subsidiaries</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Hürriyet	77,65	77,65	-	-	77,65	77,65	61,40	61,40
Doğan Gazetecilik <sup>(1)</sup>	70,76	70,76	0,52	0,52	71,28	71,28	53,49	53,49
Milliyet Verlags <sup>(2)</sup>	99,88	99,88	0,12	0,12	99,88	100,00	74,31	74,31
DMI	100,00	100,00	-	-	100,00	100,00	69,57	69,57
Hürriyet Medya Basım	100,00	100,00	-	-	100,00	100,00	61,40	61,40
Doğan Ofset	99,93	99,93	-	-	99,93	99,93	61,36	61,36
Mozaik	99,87	99,85	0,11	0,08	99,98	99,93	60,54	60,53
Posta Haber	100,00	100,00	-	-	100,00	100,00	55,19	55,16
Doğan Haber	99,94	99,86	-	-	99,94	99,86	68,02	67,97
Doğan Dağıtım	100,00	100,00	-	-	100,00	100,00	75,55	75,47
Doğan Dış Ticaret	100,00	100,00	-	-	100,00	100,00	75,34	75,34
İşil İthalat İhracat <sup>(3)</sup>	-	96,70	-	-	-	96,70	-	72,86
Refeks <sup>(4)</sup>	-	100,00	-	-	-	100,00	-	61,40
E Tüketici <sup>(5)</sup>	-	99,80	-	0,10	-	99,90	-	60,79
Doğan Gazetecilik Internet	100,00	100,00	-	-	100,00	100,00	53,72	53,72
Yenibir	100,00	100,00	-	-	100,00	100,00	61,40	61,40
TME Teknoloji <sup>(5)</sup>	-	100,00	-	-	-	100,00	-	61,40
Hürriyet Zweigniederlassung	100,00	100,00	-	-	100,00	100,00	61,40	61,40
Hürriyet Invest	100,00	100,00	-	-	100,00	100,00	61,40	61,40
TME <sup>(6)</sup>	67,30	67,30	-	-	67,30	67,30	45,61	43,68
Mirabridge International B.V.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Publishing International Holding B.V. <sup>(7)</sup>	100,00	-	-	-	100,00	-	45,61	-
Job.ru LLC <sup>(8)</sup>	100,00	-	-	-	100,00	-	45,61	-
Pronto Invest B.V.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
TCM Adria d.o.o.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Rektcentr	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Publishing House Pennsylvania Inc.	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Doğan Platform	100,00	100,00	-	-	100,00	100,00	75,59	74,53
Doğan Yayın Holding	75,59	74,53	2,40	2,48	77,99	77,01	75,59	74,53
Fairworld	100,00	100,00	-	-	100,00	100,00	75,34	74,29
Falcon	100,00	100,00	-	-	100,00	100,00	75,34	74,29
Oglasnik d.o.o. <sup>(9)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Marchant <sup>(10)</sup>	-	100,00	-	-	-	100,00	-	71,84
Expressz Magyarorszag Media Kft	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO SP Belpronto	60,00	60,00	-	-	60,00	60,00	27,37	26,21
OOO Pronto Rostov	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Aktobe	80,00	80,00	-	-	80,00	80,00	29,19	27,96
OOO Novoprint <sup>(11)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Delta-M	55,00	55,00	-	-	55,00	55,00	25,08	24,03
OOO Pronto Baikal	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto DV	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Ivanovo	100,00	100,00	-	-	100,00	100,00	45,61	43,68



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

ENDED 31 DECEMBER 2012

(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)

#### 2.1.3 Consolidation principles (Continued)

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31	31	31	31	31	31	31	31
	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011	December 2012	December 2011
OOO Pronto Kaliningrad	95,00	95,00	-	-	95,00	95,00	43,33	41,50
OOO Pronto Kazan	72,00	72,00	-	-	72,00	72,00	32,84	31,45
OOO Pronto Krasnodar	80,00	80,00	-	-	80,00	80,00	36,49	34,94
OOO Pronto Krasnoyarsk <sup>(12)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Nizhny Novgorod	90,00	90,00	-	-	90,00	90,00	41,05	39,32
OOO Pronto Novosibirsk	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Oka <sup>(13)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Samara	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Stavropol <sup>(14)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto UlanUde	90,00	90,00	-	-	90,00	90,00	41,05	39,32
OOO Pronto Vladivostok	90,00	90,00	-	-	90,00	90,00	41,05	39,32
OOO Pronto Volgograd <sup>(15)</sup>	-	100,00	-	-	-	100,00	-	43,68
OOO Pronto Moscow	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Neva	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Tambukan	85,00	85,00	-	-	85,00	85,00	38,77	37,13
OOO Utro Peterburga <sup>(13)</sup>	55,00	55,00	-	-	55,00	55,00	25,08	24,03
OOO Pronto Astrakhan <sup>(16)</sup>	-	100,00	-	-	-	100,00	-	43,68
OOO Pronto Kemerovo	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Smolensk	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Tula	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Voronezh	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Tambov-Info	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Obninsk	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Pskov <sup>(17)</sup>	100,00	-	-	-	100,00	-	41,05	-
TOO Pronto Akmola	100,00	100,00	-	-	100,00	100,00	45,61	43,68
OOO Pronto Atyrau	100,00	100,00	-	-	100,00	100,00	36,49	34,94
OOO Pronto Aktau	100,00	100,00	-	-	100,00	100,00	36,49	34,94
ZAO Pronto Akzhol	80,00	80,00	-	-	80,00	80,00	36,49	34,94
SP Pronto Kiev	50,00	50,00	-	-	50,00	50,00	22,80	21,84
Internet Posao d.o.o. <sup>(18)</sup>	-	100,00	-	-	-	100,00	-	30,58
Moje Delo spletni Marketing d.o.o. <sup>(9)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Bolji Posao d.o.o. Serbia	100,00	100,00	-	-	100,00	100,00	25,08	24,03
Bolji Posao d.o.o. Bosnia	100,00	100,00	-	-	100,00	100,00	25,08	24,03
OOO RUKOM <sup>(11)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Sklad Dela Prekmurje NGO	100,00	100,00	-	-	100,00	100,00	25,08	24,03
OOO Partner-Soft	90,00	100,00	-	-	90,00	100,00	41,05	39,32
Pronto Soft	90,00	90,00	-	-	90,00	90,00	41,05	39,32
TOV E-Prostir	50,00	50,00	-	-	50,00	50,00	22,80	21,84
Prime Turk	100,00	100,00	-	-	100,00	100,00	60,54	60,44
Osmose Media	100,00	100,00	-	-	100,00	100,00	60,44	60,44
OOO Rosprint <sup>(19)</sup>	-	100,00	-	-	-	100,00	-	43,68
OOO Rosprint Samara	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Impress Media Marketing LLC <sup>(9)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,68
Pronto Ust Kamenogorsk	100,00	90,00	-	-	100,00	90,00	36,49	34,94
Doğan TV Holding <sup>(20)</sup>	79,96	79,96	0,14	0,14	80,10	80,10	60,44	60,44
Kanal D	94,85	94,85	5,14	5,14	99,99	99,99	57,33	57,33
Kanal D Yapımcılık <sup>(21)</sup>	100,00	-	-	-	100,00	-	57,33	-

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.1.3 Consolidation principles (Continued)

	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 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Subsidiaries								
Alp Görsel	100,00	100,00	-	-	100,00	100,00	60,44	60,44
Fun TV	96,41	94,96	2,14	2,14	98,55	97,10	58,37	57,40
Tempo TV	99,27	94,71	0,42	2,13	99,69	96,84	60,10	57,33
Kanalspor	100,00	99,59	-	0,29	100,00	99,88	60,54	60,28
Milenyum TV	100,00	99,90	-	0,06	100,00	99,96	60,54	60,38
TV 2000	100,00	98,44	-	1,09	100,00	99,53	60,54	59,59
Moda Radyo <sup>(22)</sup>	-	99,82	-	0,09	-	99,91	-	60,34
Popüler TV	100,00	94,66	-	2,67	100,00	97,33	60,54	57,30
D Yapım Reklamcılık	100,00	100,00	-	-	100,00	100,00	60,44	60,44
Bravo TV	100,00	98,73	-	1,00	100,00	99,73	60,54	59,77
Doğa TV	100,00	97,50	-	1,25	100,00	98,75	60,54	59,02
Altın Kanal	100,00	99,14	-	0,43	100,00	99,57	60,54	60,01
Stil TV	100,00	98,91	-	0,79	100,00	99,70	60,54	59,87
Selenit TV	99,88	99,81	0,06	0,06	99,94	99,87	60,46	60,42
Elit TV <sup>(23)</sup>	-	99,05	-	0,32	-	99,37	-	59,96
D Çocuk	100,00	99,95	-	0,76	100,00	99,71	60,54	59,89
Ekinoks TV	100,00	99,77	-	0,17	100,00	99,94	60,54	60,39
Dönence TV <sup>(23)</sup>	-	96,17	-	2,77	-	98,94	-	58,21
Fleks TV	100,00	97,81	-	1,58	100,00	99,39	60,54	59,21
Planet TV <sup>(23)</sup>	-	99,36	-	0,46	-	99,82	-	60,15
HD TV <sup>(23)</sup>	-	99,67	-	0,24	-	99,91	-	60,33
Doğan Prodüksiyon <sup>(24)</sup>	-	100,00	-	-	-	100,00	-	60,44
Doğan TV Dijital	100,00	99,99	-	0,01	100,00	100,00	63,08	60,53
Kutup TV	100,00	99,79	-	0,27	100,00	99,90	60,54	60,31
Galaksi TV	100,00	99,20	-	1,00	100,00	99,20	60,54	59,44
Koloni TV	90,00	90,00	3,33	3,34	93,33	93,34	54,40	54,40
Atılğan TV	90,00	90,00	3,33	3,33	93,33	93,33	54,40	54,40
Atmosfer TV <sup>(23)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Gümüş TV <sup>(23)</sup>	-	92,86	-	1,79	-	94,65	-	56,21
Platin TV <sup>(23)</sup>	-	91,30	-	2,17	-	93,47	-	55,27
Yörünge TV	99,19	98,39	0,40	0,40	99,60	98,79	60,05	59,56
Doruk Televizyon	99,92	99,86	0,05	0,08	99,97	99,94	60,40	60,36
Safir Televizyon <sup>(23)</sup>	-	86,66	-	6,67	-	93,33	-	52,46
Tematik TV	86,67	90,00	6,67	3,33	93,33	93,33	52,39	52,39
Süper Kanal	99,91	99,65	0,03	0,12	99,94	99,77	60,39	60,32
Uydu	64,67	58,67	32,00	32,00	96,67	90,67	39,14	35,51
Mobil <sup>(25)</sup>	-	99,99	-	-	-	99,99	-	60,44
Matis TV <sup>(26)</sup>	-	100,00	-	-	-	100,00	-	60,53
Yonca TV <sup>(23)</sup>	-	100,00	-	-	-	100,00	-	60,44
İnci TV <sup>(27)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Kuvars TV <sup>(23)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Lal TV <sup>(23)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Truva TV <sup>(27)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Kayra TV <sup>(28)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Milas TV <sup>(27)</sup>	-	86,67	-	3,33	-	90,00	-	52,46
Eko TV <sup>(29)</sup>	95,01	-	0,02	-	95,03	-	57,43	-
Kanal D Romanya	100,00	83,17	-	-	100,00	83,17	69,57	57,87
Anemon <sup>(30)</sup>	-	100,00	-	-	-	100,00	-	60,44
Yosun <sup>(30)</sup>	-	100,00	-	-	-	100,00	-	60,44
Denizati	100,00	100,00	-	-	100,00	100,00	60,44	60,44
Protema in liquidation process <sup>(31)</sup>	99,99	99,99	-	-	100,00	99,99	60,44	60,44

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

(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)

##### 2.1.3 Consolidation principles (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 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
NetD Dijital Yayıncılık <sup>(32)</sup>	100,00	-	-	-	100,00	-	60,44	-
Doğan Uydu Haberleşme <sup>(33)</sup>	100,00	-	-	-	100,00	-	60,44	-
Doğan Teleshopping	100,00	99,99	-	-	100,00	99,99	60,44	60,44
ZAO NPK <sup>(11)</sup>	100,00	100,00	-	-	100,00	100,00	45,61	43,18
Rapsodi Radyo	99,25	97,58	0,34	1,49	99,59	99,07	59,99	58,98
DMC	100,00	99,96	-	0,01	100,00	99,97	60,44	65,26
İnteraktif Medya	99,99	100,00	0,01	-	100,00	100,00	60,44	60,44
DMK <sup>(34)</sup>	100,00	100,00	-	-	100,00	100,00	100,00	75,59
Hürservis <sup>(34)</sup>	100,00	100,00	-	-	100,00	100,00	95,60	73,97
Doğan İletişim <sup>(35)</sup>	-	100,00	-	-	-	100,00	-	75,59
Doğan Faktoring	100,00	100,00	-	-	100,00	100,00	75,11	75,11
Aras Prodüksiyon <sup>(36)</sup>	-	99,99	-	-	-	99,99	-	60,44
Nartek	60,00	60,00	-	-	60,00	60,00	36,84	36,84
Milpa	86,27	86,27	0,22	0,22	86,49	86,49	86,27	86,27
Doğan Oto	99,80	99,76	0,20	0,24	100,00	100,00	99,80	99,76
Enteralle Handels	100,00	100,00	-	-	100,00	100,00	86,27	86,27
Orta Anadolu Otomotiv	85,00	85,00	-	-	85,00	85,00	84,83	84,80
Doğan Havacılık <sup>(37)</sup>	-	100,00	-	-	-	100,00	-	91,62
Çelik Halat	78,69	78,69	-	-	78,69	78,69	78,69	78,69
Ditaş Doğan	73,59	73,59	-	-	73,59	73,59	73,59	73,59
Milta Turizm	100,00	98,68	-	1,32	100,00	100,00	100,00	98,68
Doğan Organik	100,00	100,00	-	-	100,00	100,00	98,57	98,57
Zigana	85,01	85,01	-	-	85,01	85,01	85,01	85,01
Doğan Enerji	100,00	100,00	-	-	100,00	100,00	100,00	100,00
Nakkaştepe Elektrik <sup>(38)</sup>	100,00	-	-	-	100,00	-	100,00	-
Galata Wind <sup>(39)</sup>	100,00	-	-	-	100,00	-	100,00	-
Akdeniz Elektrik <sup>(39)</sup>	99,98	-	-	-	99,98	-	99,97	-
D-Yapı Romanya	100,00	100,00	-	-	100,00	100,00	100,00	100,00
D Stroy	100,00	100,00	-	-	100,00	100,00	100,00	100,00
SC Doğan Hospitals <sup>(40)</sup>	-	100,00	-	-	-	100,00	-	100,00
DHI Investment	100,00	100,00	-	-	100,00	100,00	100,00	100,00

<sup>(1)</sup> According to the statutory records of Group, proportion of effective ownership interest of Doğan Gazetecilik is 53,49%. Nevertheless, in consequence of the option explained in Note 8, the operational results of Doğan Gazetecilik and its subsidiaries are included into the consolidation by the Group with the rate of 70,12% by considering the additional share proportion in accordance with IAS 32 "Financial Instruments: Presentation".

<sup>(2)</sup> The related subsidiary is in the liquidation process as of 27 December 2010.

<sup>(3)</sup> The related subsidiary has merged with Doğan Dış Ticaret ve Mümesillik A.Ş. as of 31 December 2012.

<sup>(4)</sup> The liquidation process of the related subsidiary is completed as of 20 June 2012.

<sup>(5)</sup> The related subsidiary was merged with Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. as of 19 June 2012.

<sup>(6)</sup> Group has purchased and taken over 6,98% of shares corresponding to a number of 3.490.691(exact) share of TME as of 7 March 2012.

<sup>(7)</sup> The related subsidiary was established as of 28 June 2012.

<sup>(8)</sup> The related subsidiary was established as of 29 September 2012.

<sup>(9)</sup> Related rates include call-options regarding non-controlling shares explained in Note 15.

<sup>(10)</sup> The liquidation process of the related subsidiary is completed as of 16 April 2012.

<sup>(11)</sup> The related subsidiary is in the liquidation process as of 2012.

<sup>(12)</sup> The related subsidiary is in the liquidation process as of 2011.

<sup>(13)</sup> The related subsidiary has ceased its operations before the year 2010.

<sup>(14)</sup> The merging process of the related subsidiary with OOO Pronto Rostov has started during the year, 2011.

<sup>(15)</sup> The liquidation process of the related subsidiary has been completed as of 18 May 2012.

<sup>(16)</sup> The liquidation process of the related subsidiary is completed as of 7 November 2012.

<sup>(17)</sup> The related subsidiary was established as of 18 June 2012.

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

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

#### 2.1.3 Consolidation principles (Continued)

- <sup>(18)</sup> The related subsidiary was merged with Oglasnik d.o.o. as of 15 May 2012.
- <sup>(19)</sup> The sale of the related subsidiary has been completed as of 5 April 2012.
- <sup>(20)</sup> According to the statutory records of the Group, proportion of effective ownership interest of Doğan TV Holding is 60,44%. Nevertheless in consequence of the Option explained in detail in Note 15, the operational results of Doğan TV Holding and its subsidiaries are included into the consolidation by the Group with the rate of 68,35% by considering the additional share proportion in accordance with IAS 32 "Financial Instruments, Disclosure and Presentation".
- <sup>(21)</sup> The related subsidiary was established as of 5 June 2012.
- <sup>(22)</sup> The sale and transfer of shares of the related subsidiary have been completed as of 12 January 2012.
- <sup>(23)</sup> The related subsidiary was merged with Mozaik İletişim Hizmetleri A.Ş. as of 31 May 2012.
- <sup>(24)</sup> The related subsidiary was merged with D Yapım Reklamcılık ve Dağıtım A.Ş. as of 25 December 2012.
- <sup>(25)</sup> The liquidation process of the related subsidiary is completed as of 18 June 2012.
- <sup>(26)</sup> The liquidation process of the related subsidiary is completed as of 25 June 2012.
- <sup>(27)</sup> The liquidation process of the related subsidiary is completed as of 22 June 2012.
- <sup>(28)</sup> The liquidation process of the related subsidiary is completed as of 20 June 2012.
- <sup>(29)</sup> As of 6 September 2012, Group Management has completed the share purchase transaction for the 19,98% shares of Eko TV which was accounted as joint venture at 31 December 2011. In the current period, the Company has been included as subsidiary in the scope of consolidation.
- <sup>(30)</sup> The related subsidiary was merged with Denizati İletişim Hizmetleri A.Ş. as of 7 August 2012.
- <sup>(31)</sup> The related subsidiary is in the liquidation process as of 26 November 2012.
- <sup>(32)</sup> The related subsidiary was established as of 22 November 2012.
- <sup>(33)</sup> The related subsidiary was established as of 6 November 2012.
- <sup>(34)</sup> The sale and transfer of shares of Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("DMK") and its subsidiary to the parent company, Doğan Holding, have been completed as of 16 January 2012.
- <sup>(35)</sup> The related subsidiary was merged with Doğan TV Dijital Platform İşletmeciliği A.Ş. as of 30 April 2012.
- <sup>(36)</sup> The related subsidiary was merged with Doruk Televizyon ve Radyo Yayıncılık A.Ş. as of 26 April 2012.
- <sup>(37)</sup> The related subsidiary was merged with Milta Turizm İşletmeleri A.Ş. as of 25 December 2012.
- <sup>(38)</sup> The related subsidiary was established as of 15 June 2012.
- <sup>(39)</sup> The process of acquisition of the shares representing the entire share capital of Akdeniz Elektrik Üretim A.Ş. and Galata Wind Enerji Limited Şirketi by a subsidiary of the Group was completed on June 28, 2012.
- <sup>(40)</sup> The liquidation process of the related subsidiary is completed as of 29 June 2012.

#### **b) Interests in Joint Ventures**

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Doğan Holding and one or more other parties. Joint ventures, except for those that are classified as held for sale under IFRS 5 are included in consolidation using the proportionate consolidation method (i.e. through the inclusion of the Group's share of the assets, liabilities, income and expenses). Unrealized gains and losses arising from the transactions with the Group and its joint ventures are eliminated proportionally as the Group's interest in the joint venture. The joint-ventures, the proportion of voting power held by Doğan Holding and its subsidiaries and effective ownership interests at 31 December 2012 and 31 December 2011 are disclosed in Note 4.

#### **(c) Interests in Associates**

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



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

#### 2.1.3 Consolidation principles (Continued)

##### (c) *Interests in Associates (Continued)*

Where the investment's share of losses exceeds the Group's share (including any long-term investments that, in substance, form part of the Group's net investment in the associate), the exceeding portion of losses are not recognized. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associates are restated in proportion to the Group's share in the associate and unrealized losses are also restated when there is no indication of impairment of the transferred asset. Equity method is not applied when the carrying amount of the investment in a joint venture reaches zero to the extent that the Group assumes no liabilities or obligations or in respect of the joint venture or the Group has no significant influence over the related joint venture. The carrying amount of the investment when the Group loses its significant influence over the investment is then carried at cost.

##### (d) *Non-controlling interests*

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

##### (e) *Financial investments*

Other investments in which the Group and its subsidiaries, have less than 20%, or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consolidated financial statements are classified as available for sale financial assets. Available for sale investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any allowance for impairment (Note 7).

#### 2.1.4 Offsetting

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

#### 2.1.5 Comparative information

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. In order to maintain consistency, with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has reclassified its prior period financial statements in order to comply with the presentation of its current period consolidated financial statements. The nature, amount and reason for the reclassifications are described below:

- Marketing, sales and distribution expenses amounting to TL 9,651 is shown by offsetting against the sales revenue.
- Net loss from discontinued operations decrease by TL 3,113 as a result of the offsetting of provisions subsequent to the date of sale till the end of the balance sheet date in comparison to the amount previously reported.

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

#### 2.1.5 Comparative information (continued)

- Tax assets recognized in "other current assets" amounting to TL 3.597 is shown by offsetting against deferred tax liabilities.
- "Income from scrap sales" which was presented under "Other Income" amounting to TL 2.843 is reclassified to "Revenue".
- "Social Security Insurance Premium Discount" which was presented under "Other Income" amounting to TL 529 is presented by offsetting against administrative expenses and sales and marketing expenses.
- "Deposits with maturity of more than 3 months" presented under "Other Current Assets" amounting to TL 199 in 31 December 2011 report is reclassified to "Cash and Cash Equivalents", inadvertently.
- "Pos Service Fees" presented under "Finance Expenses" amounting to TL 4.228 is reclassified to "Marketing, Sales and Distribution Expenses".
- Advances given to TEİAŞ which was presented under "Tangible Assets" amounting to TRY 17.156 is reclassified to "Other non-current assets".
- Unrealized foreign currency loss on financial borrowings which was presented under "Repayment on financial borrowings" at statement of cash flow amounting TL 1.942 is presented under "Net cash used in operating activities" as separate line.
- Restricted profit reserves account has been decreased by TL 268.390, share premiums have been increased by TL 1.732 and accumulated losses have also been decreased by the same amount for the purposes of providing compliance with statutory records.

The reclassifications made in the current period has no effect on consolidated net profit for the period and prior year's profit/(loss).

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

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

With the decision taken as a result of the assessment made by the Group management, the Group management decided to present their investment properties from fair values which were previously carried at cost less accumulated depreciation under the cost method less impairment charges, if any in the consolidated financial statements. In accordance with "IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8"), the Group has reflected the impacts of this adoption and restated its consolidated financial statements accordingly starting from 1 January 2010. As a result of this amendment, the investment properties of the Group have increased by TL 42.437 (31 December 2010: TL 38.508); effect of this amendment to the shareholders' equity and net loss for the period of the Group is TL 30.829 (31 December 2010: TL 27.420) and TL 3.409 (31 December 2010: TL 27.420) respectively. The account based detail of the above mentioned amendment in the accounting policy are as follows as of 31 December 2011 and 2010:

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

#### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements (continued)

##### 31 December 2011

	Previously reported	Fair value adjustments <sup>(1)</sup>	Restated
Investment property	148.601	42.437	191.038
Property, plant and equipment <sup>(1)</sup>	1.200.489	1.572	1.202.061
Deferred tax liability (net)	134.753	3.206	137.959
Accumulated losses	(44.937)	27.420	(17.517)
Net gain/(loss) for the period	(757.144)	3.409	(753.735)
Non-controlling interests	812.031	9.974	822.005
Other operating income	92.131	7.418	99.549
Other operating expenses (-)	(1.212.800)	(603)	(1.213.403)
Deferred tax (expense)/income	(13.364)	(1.673)	(15.037)
<b>Net gain/(loss) for the period</b>	<b>(967.316)</b>	<b>5.142</b>	<b>(962.174)</b>
Non-controlling interests	(210.172)	1.733	(208.439)
<b>Attributable to equity holders of the Parent Company</b>	<b>(757.144)</b>	<b>3.409</b>	<b>(753.735)</b>

<sup>(1)</sup> Adjustment amounting to TL 1.572 observed in property, plant and equipment is related with the transfer made from investment properties.

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

#### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements (continued)

##### 31 December 2010

	Previously reported	Fair value adjustments <sup>(1)</sup>	Restated
Investment property	136.970	38.508	175.478
Property, plant and equipment	934.160	(1.314)	932.846
Deferred tax liability (net)	128.090	1.533	129.623
Accumulated losses	173.975	-	173.975
Net gain/(loss) for the period	656.204	27.420	683.624
Non-controlling interests	756.498	8.241	764.739

Also, the Group has started to capitalize subscriber acquisition costs in the current period. Subscriber acquisition costs paid by D-smart are capitalized over the subscription commitment period beginning from 1 January 2012 and capitalized amounts are recognized under intangible assets account.

Current depreciation expenses after extended usefull lifes of vehicles which belongs to Milta Turizm A.Ş. are accounted prospectively starting from the current period. Result of estimation changes depreciation expense of tangible assets is decreased amounting TRY 5.392 in current period than prior period.

The preparation of consolidated financial statements require the use of estimations and assumptions that may have an effect over the assets and liabilities reported at the balance sheet date, contingent assets and liabilities disclosures and income and expenses reported during the accounting period. The estimates and assumptions are based on the best available information on the current circumstances and operations; however, they may differ from the actual results. If changes in accounting estimates only relate to one period, the change is reflected in the current period in which the change is made, if they relate to future periods, the change is both reflected in the current period in which the change is made and prospectively for future periods.

Except for those used in the actuarial calculation of employment termination benefits calculated by an actuarial company (Note 2.1.7) and capitalization of subscriber acquisition costs and investment properties carried at fair value, significant accounting policies and accounting estimates applied in the current period are consistent with accounting policies and accounting estimates applied in the preparation of consolidated financial statements for the period ended as of December 31, 2011.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

#### 2.1.7 New and Revised International Financial Reporting Standards:

The following new and revised standards and interpretations below are applied by the Group and have affected the reported amounts and disclosures in the consolidated financial statements. However, the details of standards and interpretations effective in the current period but have no effect on the financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

#### (a) Standards effective from 1 January 2012 but have no effect on the financial statements of the Group

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
IAS 12 (Amendments)	Deferred Taxes – Recovery of Underlying Assets

#### (b) New and Revised Standards and Interpretations not yet effective and have not been early adopted by the Group

IAS 1 (Amendments)	<i>Presentation of Items of Other Comprehensive Income</i>
IAS 1 (Amendments)	<i>Clarification of the Requirements for Comparative Information</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements<sup>(1)</sup></i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>
IFRS 7 (Amendments)	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
IFRS 9 ve IFRS 7 (Amendments)	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
IFRS 10, IFRS 11 <sup>(1)</sup>	<i>Consolidated Financial Statements, Joint Arrangements and ve IFRS 12 (Amendments)</i>
IAS 12 (Amendments)	<i>Disclosures of Interests in Other Entities: Transition Guide</i>
IFRS 27 (2011)	<i>Presentation of Items of Other Comprehensive Income</i>
IFRS 28 (2011)	<i>Separate Financial Statements</i>
IFRS 32 (Amendments)	<i>Investments in Associates and Joint Ventures</i>
Amendments to IFRSs	<i>Offsetting Financial Assets and Financial Liabilities</i>
IFRIC 20	<i>Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1</i>
	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

The above standards will be applicable for 2013 and the following years, and the Group has not had an opportunity to consider the potential impact of the application of these standards, except IFRS 11, over its financial statements but above-mentioned differences are expected not to have any significant impact on the financial statements.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

#### 2.1.7 New and Revised International Financial Reporting Standards (Continued):

- <sup>(1)</sup> Prepare their consolidated financial statements in accordance with IFRS firms, select to recognition of joint ventures proportionate consolidation method or the equity method. IFRS 11 "Joint Arrangements" Standard of the joint ventures requires accounting for the consolidated financial statements using the equity method will be effective from 1 January 2013. In this context, the Group consolidated financial statements of 31 December 2012 on the early applied the standard and included in the scope of consolidation of all business partnership (joint ventures) were accounted by the equity method, the Group's 2012 year-end, approximately 15% of total consolidated assets (2011: 11%), total consolidated revenue for continuing operations of approximately 1% (2011: 2%) decrease. On the other hand, the total shareholders' equity and net income will remain the same.

#### (c) New and Revised Standards and Interpretations not yet effective and have been early adopted by the Group

##### IAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. In 2012, the Group has decided to early adopt the amendments to IAS 19 which is applicable as of 1 January 2013. As stated in Note 2.1.6 "Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements", all actuarial gains and losses are recognized in other comprehensive income for the fair presentation of plan deficit or surplus of net retirement asset or liability presented in consolidated balance sheet. Amendments to IAS 19 are required to be applied retrospectively. Accordingly, the Group management has evaluated the effect of changes in accounting policies to financial statements prepared for the period as of 31 December 2011 and decided that restatement of prior financial statements are not needed as calculated effects after tax are below the materiality level.

#### 2.1.8 US dollar convenience translation

US dollar ("USD") amounts shown 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 1,7826 = USD 1,00 on 31 December 2012. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

(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 Summary of Significant Accounting Policies

###### Related parties

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 31).

###### Cash and cash equivalents

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

###### Sales and repurchase agreements

Funds given in return for financial assets purchased 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 adding to the cost of reverse repos. Funds provided in return for financial assets reverse repurchase are recognized under cash and cash equivalents in the consolidated financial statements.

###### Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income. Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 9).

Provision is allocated for receivables when the Group has an objective indication over the collectability. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised as income following the write-down of the total provision amount (Note 25).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Inventories

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

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

##### Promotion stocks

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

##### Programme stocks

Programme stocks comprise internal and external productions that have been produced but not yet broadcasted as of the report date. Programme stocks are recognised at acquisition or production cost and they are not subject to amortization. These programmes are charged to the income statement upon the first transmission and included in cost of sales in the consolidated statement of income (Note 24). If the estimated income from programme stocks is lower than the carrying value, carrying value is discounted to net realizable value.

##### Financial instruments

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

*"Financial assets at fair value through profit or loss"* are financial assets that have been acquired principally for the purpose of taking advantage of fluctuations in price and other similar elements or independent from initial recognition financial assets held for trading which are part of a portfolio that has a recent actual pattern of short-term profit-taking. A financial asset is classified in this category if it is primarily acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in "financial income/expenses". Dividends received, are recognized as dividend income in the consolidated statement of income. 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.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### ENDED 31 DECEMBER 2012

(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)

##### 2.2 Summary of Significant Accounting Policies (continued)

###### Financial instruments (continued)

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

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

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

###### Derivative financial instruments

Derivative forward instruments, predominantly foreign currency and interest swap agreements and foreign currency forward agreements are initially recognised at their historical costs plus the transaction costs. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities respectively (Note 7 and 8).

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects the market conditions. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. As of 31 December 2012, the Group decided to adopt fair value method for their investment properties which were previously accounted under the cost method and restated its financial statements according to IAS 8 as explained in Note 2.1.6 "Significant Accounting Policies and Changes in Accounting Estimates and Errors and Restatement of Previously Reported Financial Statements".

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

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

##### Property, plant and equipment and related depreciation

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

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

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

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

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

##### 2.2 Summary of Significant Accounting Policies (continued)

###### Property, plant and equipment and related depreciation (continued)

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

Repair and maintenance expenses are charged to the consolidated statement of income 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.

Construction in progress is made for the production of electrical energy are classified under tangible fixed assets. Below the followings are cost elements of it:

- After deduction of discounts, including import duties and non-refundable purchase taxes, purchase price.
- Enhancing the asset capable of operating in the manner intended by management, and any costs will be placed on the ground.
- Directly related to the construction of tangible assets arising from employee benefits or costs of the acquisition.
- Costs related to the preparation of the ground.
- Costs associated with the first delivery.
- Installation and assembly costs.
- Professional fees.
- General administrative expenses related to acquisition or construction of tangible fixed asset.
- Finance costs can be added to the cost of the tangible asset under IAS 23 "Borrowing Costs".
- Expropriation carried out for the construction of the dam.

###### Financial Leases

Leases are classified as finance leases by the Group whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest. Principal lease payments are treated as liabilities and reduced with their payments. Interest charges are charged directly against income statement over the financial lease period. Assets acquired through finance leases are depreciated over the shorter of expected useful life and the lease term, as well as tangible assets acquired.

###### Operating Lease

Leases are classified as operating leases when a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made for operating leases (net of any incentives received from the lessor) are charged on a straight line basis to the consolidated income statement as expense.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Goodwill

Goodwill and negative goodwill amount, which represents the difference between the purchase price and the fair value of the acquiree's net assets, arising from business combinations effected prior to 30 June 2004 in the consolidated financial statements is capitalized and amortized over the useful life by using the straight-line method prior to 31 December 2004. Goodwill arising from business combinations effected subsequent to 31 March 2004 is not amortized and instead reviewed for any impairment losses in accordance with IFRS 3 Business Combinations (Note 15).

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

##### Intangible assets and related amortization

Intangible assets excluding goodwill and assets with infinite useful lives comprise brand names, customer lists, terrestrial broadcasting permissions and licenses (frequency rights), other identified rights, computer software and television programme rights which are further discussed in Note 2.2. Brand names, customer relationships and domain names are determined based on the independent valuation on business combinations. Useful lives of certain brand names are determined to be infinite. Assets that have infinite useful life are not subject to amortization and are tested for impairment annually (Note 14).

Registered subscriber acquisition costs paid by D-smart are capitalized over the subscription commitment period by the Group beginning from 1 January 2012 and capitalized amounts are recognized under intangible assets account. Weighted average term for subscription acquisition costs is 2 years.

Intangible assets are carried at cost, less any accumulated amortization and amortized by using the straight-line method (Note 14).

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

	<u>Years</u>
Trademark	20-25
Electricity generation licence	45-47
Customer lists	9-18
Computer software and rights	3-15
Domain names	3-20
Other intangible rights	5

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 recoverable amount of an intangible asset is the higher of its fair value less costs to sell and its value in use. Provision for impairment is recognized under the statement of income in the related period.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Intangible assets and related amortization (continued)

Group's subsidiaries of Milta Turizm, held by the Privatization Administration the right to use the marina on November 13, 1997 due to the transfer agreement are being amortized over 49 years (Note 14).

##### Web page development costs

Costs associated with developing web pages are capitalized and amortized by using straight-line method over their estimated useful lives (Note 14). Following the planning phase and operation; all costs are recognised as expense. Maintenance costs of web pages are accounted as operational expenses.

##### Television program rights

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

Consumption is based on the transmission of the expected number of runs (vary from two to unlimited) purchased. Amortization of these rights is determined according to release order and number of runs. The appropriateness of the consumption profiles are reviewed regularly by the management. A maximum of 5 runs is applied for the unlimited run purchases.

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

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

##### Taxation on income

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

# 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 (continued)

##### Taxation on income (continued)

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority (Note 29).

##### Financial borrowings and borrowing costs

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

The Group capitalized the real part of cost of borrowings in connection with ongoing electric power plant projects in Aslancık Elektrik, Boyabat Elektrik, Akdeniz Elektrik and Galata Wind in accordance with IAS 23 for the years 2012 and 2011. Other borrowing costs for the period were recognized in the income statement.

##### Financial liabilities subject to non-controlling put options

Under the terms of certain share purchase agreements, the Group may commit to acquire the interests owned by non-controlling shareholders in subsidiaries, upon the request of non-controlling interest holders. IAS 32, "Financial Instruments: Disclosure and Presentation" requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares and not cash. In addition, the share of non-controlling shareholders in the net asset of the company subject to the put option is presented in "other financial liabilities" instead of "non-controlling interests" in the consolidated balance sheet. The Group presents, at initial recognition, the difference between the exercise price of the option and the carrying value of the non-controlling interests first as a reduction of non-controlling interest and then as addition to the Group's equity. The discount amount and any subsequent change in the fair value of the commitment are recognised in the income statement 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 19).

The Group has decided to early adopt the amendment in IAS 19 (Note 2.1.7) in 2012 which will be effective starting from 1 January 2013, and calculated employment benefit from the report prepared by the actuarial firm and recognized all actuarial loss and gains in other comprehensive income.

###### Provisions, contingent assets and liabilities

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

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

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.

###### Commercial bonds

Bonds at the time of being issued or purchased are recognized initially at their acquisition value minus the transaction costs incurred during issuance or purchase. Bonds are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the consolidated income statement over the period of the bond (Note 7, 9).

###### Share capital and dividends

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

# 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 (continued)

##### Revenue recognition

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.

##### a) Media and Retail segment

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 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 22).

##### Revenues from television, newspapers, magazines and other advertisements

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

##### Revenues from newspaper and magazine sales and distribution

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

##### Newspaper sales returns and provisions:

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

##### Returns on magazine sales and provisions:

Provision for returns on magazine sales are the provisions provided to reflect the sales income based on matching principle by using statistical data for the previous period, field sales data, etc. when return invoices are not issued although returns are taken off from the market or the issue of magazine period is not expired.

##### Revenues from printing services

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

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

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Revenue recognition (continued)

###### Other revenues

Interest income is recognised on a time proportion basis and income accrual is ascertained by taking effective interest rate and remaining maturity into account.

Rent income and other income are recognised on an accrual basis.

##### **b) 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.

Difference between sales price's nominal value and fair value is recorded as "financial income" at relevant period.

Service revenue and other revenue are recognized on an accrual basis over the fair value of acquisition amount based on rendering service or realization of factors related to revenue, transfer of significant risks and rewards, reliable estimate of revenue amount and most probability that economic benefits associated with the transaction will be obtained by the Company.

###### Housing construction projects related to the customer

The revenue generated from the housing construction projects is recognized when the ownership of the risks and rewards of the assets are transferred to the buyer upon the performance of contract terms and the approval of delivery record by the buyer.

###### Housing construction projects related to the landowner

The Group has entered in to a Landownership agreement ("LOA") in the Milpark project. In accordance with the agreement, the Group commits to develop real estate projects on lands that are owned by the landowner and in return for the land transfer the ownership of the pre-agreed ratio of the constructed assets to the landowner. For landownership agreements, the value of land transferred to Milpa is carried at fair value at the date of agreement and when Milpa meets all of its contractual liabilities and all risks and rewards of the ownership of the assets are transferred to the landowner following the approval of the delivery notice by the landowner, revenue is recognised as the sale profit obtained from the landowner. Landowner's share of the termination of the contract was transferred on 16 May 2012.



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

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Revenue recognition (continued)

###### Credit finance income/expense

Credit finance income/expense represents income/expense incurred from forward purchases and sales. These forms of incomes/expenses are accepted as finance incomes/expenses obtained from forward purchases and sales during the period and included to financial income/expense (Note 26 and 27).

###### Vehicle Sale

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 with the measurement of the revenue reliably, revenue is recognized.

###### Energy revenues

Revenue is the fair value of amount of electricity delivered the event that the consideration received or receivable. Revenue are 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.

##### Other revenues

Group's joint venture DD Konut Finansman recognizes its interest incomes and expenses on accrual basis using internal rate of return method. Interest incomes are canceled when the management decides that loans and advances given to customers can not be reimbursed and rediscount amounts that have been recorded up to that date is canceled and is not recorded as revenue until collection is made.

Interest income is recognised on a time proportion basis and income accrual is ascertained by taking effective interest rate and remaining maturity into account.

Dividend income obtained from share investments is recognized when the right of shareholders to receive dividend arises.

Rent income and other income are recognised on an accrual basis.

##### Barter agreements

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

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

##### 2.2 Summary of Significant Accounting Policies (continued)

###### Business combinations

Business combinations are accounted in accordance with IFRS 3. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with comprehensive income statement. Goodwill recognised in a business combination is not amortized, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 3). There are no business combinations that have significant effect over the financial statements for the period ended 31 December 2012 except for Eko TV ,Galta Wind and Akdeniz Elektrik combination explained in Note 3.

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

###### Foreign currency transactions

###### Functional currency

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

###### Foreign currency transactions and balances

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

###### Foreign Group companies

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Foreign currency transactions (continued)

A significant portion of the Group's foreign operations are performed in Russia, Europe and Slovenia ("Russia and Eastern Europe ("EE")). Foreign currencies and exchange rates at 31 December 2012 and 31 December 2011 are summarized below:

Country	Currency unit	31 December 2012	31 December 2011
Euro zone	Euro	2,3517	2,4438
Russia	Ruble	0,0587	0,0587
Hungary	Forint	0,0081	0,0078
Croatia	Kuna	0,3113	0,3246
Ukraine	Grivna	0,2230	0,2364
Romania	New Lei	0,5319	0,5677
Kazakhstan	Tenge	0,0118	0,0127
Belarus	Belarusian Ruble	0,0002	0,0002

##### Segment reporting

In accordance with IFRS 8 "Operating Segments" standard, the Group arranged industrial segments' reporting as parallel with the reporting made to Group's decision-making authorities. Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. Group operations were monitored and reported as three main segments; "Media", "Retail" and "Other" by the management. Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements.

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

##### Earning/ (loss) per share

Earning/ (loss) per share are determined by dividing net income/ (loss) by the weighted average number of shares that have been outstanding during the period concerned (Note 30).

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. Accordingly, weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares.

##### Discontinued operations

Discontinued operations are components of an entity that either have been disposed of or represent a major part of an entity separately from the Group's operations and cash flows. Operating results as of the Group has ceased its control over its disposal groups are presented separately under "discontinued operations" in the consolidated income statement. Prior period consolidated income statement is adjusted for comparative purposes and the results of discontinued operations are also classified under the "discontinued operations" account (Note 28). The Group has no discontinued operations for the period ended as of 31 December 2012.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### Discontinued operations (continued)

The results of discontinued operations also include profit/ (loss) from the related operation's sale proceed and related tax expenses. Profit/ (loss) from the sale proceed is calculated as the difference between the carrying amount of net assets disposed of and sale price.

##### Non-current assets held for sale

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 28).

##### Government grants

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

The Group has received the investment incentive certificate regarding the modernization of its property that is used in its media operations and it is exempt from the Customs Duty and VAT.

##### Subsequent events

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

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

##### 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 media and other sales operations.

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.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.3 Critical Accounting Estimates and Assumptions

##### 2.3.1 Critical accounting estimates and assumptions

###### a) Estimated impairment of goodwill

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

Hürriyet, one of the subsidiaries of the Group, has performed goodwill impairment analysis in the context explained below for the periods ended 31 December 2012 and 2011.

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 (budgeted interest, tax, depreciation and amortization, provision for impairment and gross margin before other non-operating expenses) have a significant role in these calculations.

The EBITDA margin and discount rates used for the cash flows after five-year period are listed below:

	EBITDA margin%	Discount rate%
TME	18,8	11,8

Hürriyet, one of the subsidiaries of the Group, has booked a provision for impairment on goodwill amounting to TL 18.106 (31 December 2011: TL 103.858) (Note 15). No impairment has been booked for intangible assets (31 December 2011: TL 9.157) (Note 14).

If the discount rate applied to cash flow projections for the cash-generating units after tax is 1% more than the estimates of the Group management, additional impairment amounting to TL 51.648 (31 December 2011: TL 62.634 for the goodwill related with TME and intangible assets) would be recognized in the financial statements and profit before tax and non-controlling interests would decrease by TL 51.648 (31 December 2011: TL 62.634) in return.

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

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.3 Critical Accounting Estimates and Assumptions (Continued)

##### 2.3.1. Critical accounting estimates and assumptions (Continued)

Based on the nature of the transaction and considering the precautionary principle, the Group management elects not to recognize the input VAT amounting to TL 454.281 as an asset in the consolidated financial statements as it will be used in future tax periods. Accordingly, where practicable, input VAT that can be offset against the recourse VAT in the related taxation periods can be recognized in the statement of income in the respective periods (Note 25).

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

Doğan Yayın Holding sold 90.854.185 shares ("Axel shares"), 25% of the issued capital of Doğan TV Holding, to Commerz-Film GmbH (formerly registered as Dreiundvierzigste Media Vermögensverwaltungsgesellschaft mbH), a 100% subsidiary of Axel Springer AG, for EUR 375.000 (TL 694.312, this amount is defined as "initial sales price") on 2 January 2007. In accordance with the Share Sale Agreement ("Agreement") that the initial sales price will be revised depending on the "initial public offering" ("IPO") of the shares of Doğan TV Holding if available.

Dates for the reassessment of the original selling price as set out in the agreement signed by Doğan Holding, Doğan Yayın Holding, Doğan TV Holding and Commerz-Film GmbH on 19 November 2009 have been postponed for a maximum period of 6 years without being subject to any condition. The related agreement dated 19 November 2009, was amended by a new agreement (Amendment agreement) signed with Doğan Holding, Doğan Yayın Holding, Doğan TV Holding, Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH at 31 October 2011.

Certain terms of the agreement dated 19 November 2009 as detailed below are effective as of 19 February 2010.

- Axel Springer Group has sale options for 3,3% of its shares in Doğan TV Holding amounting to EUR 50.000 subsequent to January 2013 and the other 3,3% of its shares amounting to EUR 50.000 subsequent to January 2014 to Doğan Holding and Doğan Holding has the commitment to purchase these shares ("DTV Put Option I"). Axel Springer Group may exercise the sale options fully or partially.

Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. Under the amendment agreement dated 31 October 2011, existing DTV Put Option I terms are revised and accordingly, the related terms require the put options exercisable for the periods subsequent to January 2013 and January 2014 in consideration of EUR 50.000 to cover only 33.843.238 (exact) shares in each period. The Amendment also allows Axel Springer another put option exercisable for 34.183.593 (exact) shares for the period subsequent to 2015 in consideration of EUR 50.000.

- According to the agreement dated 19 November 2009, Axel Springer Group has option to sell some or all of "Axel shares" with the higher of EUR 4,1275 (exact) per share or a fair value to be determined by specific valuation techniques to Doğan Holding and Doğan Holding has a commitment to purchase these shares ("DTV Put Option II"). Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. In order to exercise this option, the following conditions must be met.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.3 Critical Accounting Estimates and Assumptions (Continued)

##### 2.3.1. Critical accounting estimates and assumptions (Continued)

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

- Doğan TV Holding shares should not be offered to the public by 30 June 2017,
- There should be direct or indirect control change over Doğan Holding, Doğan Yayın Holding or Doğan TV Holding,
- There should be pledges or sequestration on the Doğan Yayın Holding's assets that have significant unfavorable effects on the operations of Doğan Yayın Holding in addition to the existing ones.

This time, with the amendment agreement dated 31 October 2011, EUR 4,1275 (exact) per share is updated as EUR 1,46269 (exact) because of the increase in the share capital of Doğan TV.

As per the amendment agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as at 10 February 2012. In addition, a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares were given in the same period to be used as of January 2015.

EUR 375.000, which is defined above as the initial sale price, can be amended based on the circumstances explained below. As per the agreement, the initial sale price may be subject to revision as the following depending on the "initial public offering" of Axel shares.

In the event that Axel shares are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is less than the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined 12 months Euro Libor as of 2 January 2007), both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group.

In the event that Axel shares are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is higher than the original selling price, both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined 12 months Euro Libor as of 2 January 2007) to the original selling price would be equally shared between the Axel Springer Group and Doğan Yayın Holding.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.3 Critical Accounting Estimates, Assumptions and Judgments (Continued)

##### 2.3.1 Critical accounting estimates and assumptions (Continued)

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

In the event that Axel shares are not offered to public by 30 June 2017 and if the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, is less than the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined 12 months Euro Libor as of 2 January 2007) to the original selling price, both the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, and the difference of the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group. If Doğan TV Holding's shares are not listed by the end of 30 June 2017, the fair value based on the above-mentioned techniques would be reassessed, payments would be made to the Axel Springer Group in accordance with the related calculations, and Axel Springer Group's call option of its entire or some portion of its shares to Doğan Holding and Doğan Holding's put option for the related shares would continue to be in effect.

In the event that Axel Springer group shares are offered to the public between 30 June 2017 and 30 June 2020, any positive difference between the initial public offering value and the initial sales price remeasured as of 31 December 2015 (it will be remeasured using the annual 12 months Euro Libor rates on annual compound basis starting from 2 January 2007) including interest calculated from the difference (it will be calculated using the annual Euro Libor rates on annual compound basis effective from 1 July 2017) will be apportioned equally, whereas no transaction will take place for any negative difference.

In accordance with the agreement signed on 19 November 2009, Doğan Yayın Holding shall make a TL cash capital increase in Doğan TV Holding that corresponds to EUR 385.000, and as a result of the capital increase, Doğan TV Holding shares owned by Commerz-Film GmbH shall be diluted to 19,9% from 25%. In January 2010 and May 2010, the premium capital increase of Doğan TV Holding, was completed in two steps. As a result of the capital increase, the shares of Doğan Yayın Holding and Commerz-Film GmbH at Doğan TV Holding were 79,71% and 19,9% respectively.

To measure fair value in order to see whether the Group would assume any financial liability in relation to the above transaction, cash flow projections in relation to periods covering 2013-2017 are prepared for Doğan TV Holding and the fair value of Doğan TV Holding has been calculated by discounting the above mentioned cash flow statements. Valuation projections are prepared for a 5 year-budget period.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### 2.3 Critical Accounting Estimates, Assumptions and Judgments (Continued)

##### 2.3.1 Critical accounting estimates and assumptions (Continued)

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

The critical estimates and assumptions related to cash flow projections prepared in TL within the scope of fair value determinations of Doğan TV are explained below.

	2013-2017					
Revenue increase in the budgeted period <sup>(1)</sup>						16,59%
	2012	2013	2014	2015	2016	2017
EBITDA margin <sup>(2)</sup>	16%	19%	26%	28%	30%	32%

<sup>(1)</sup> Compound annual growth rate (CAGR – compound annual growth rate)

<sup>(2)</sup> Earnings before interest, taxes, depreciation and amortization

Cash flow projections are discounted with 14% as the by rate of weighted average cost of capital (WACC).

In accordance with the fair value calculated using the discount rates and cash flow projections mentioned above, there are not any financial liabilities arising from the Axel share acquisition, which represents 19,9% of Doğan TV Holding's capital, by the Axel Springer Group.

The Group is also responsible for any unprovisioned liability arising from tax assessments prior to the closing date of sale agreement as required in the Axel share acquisition and transfer "Agreement". The effect of liability arising from Law no: 6111 in regards to Doğan TV Holding over the share value is compensated in proportion to the share capital to Commerz-Film GmbH. In this content, the payment made to Commerz-Film GmbH amounts to TL 165.523. The related payment has been made on 17 August 2011. Accordingly, Commerz-Film GmbH has participated in the capital increase of Doğan TV Holding from TL 456.554 to TL 1.288.328 through the usage of nominal values in the new share acquisition rights in the share of participation at nominal value. The capital increase has been registered on August 17, 2011. The share interest of Commerz-Film GmbH in Doğan TV Holding (19,9%) have remained still after the capital increase. Accordingly, the Group has indemnified TL 165.523 of liability arising from Doğan TV Holding A.Ş. and its subsidiaries' undue and on trial tax liabilities in dispute under Law No: 6111 which represents the portion corresponding to Axel Springer Group's current ownership percentage (19,9%). The related liability portion is not recognized under the non-controlling interests account in the accompanying financial statements prepared as of 31 December 2011.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

#### 2.3.1 Critical accounting estimates and assumptions (Continued)

##### *d) Useful lives of intangible assets*

Useful lives of some trademarks are expected to be infinite by the Group management. Where useful lives of related intangible assets are infinite (in case of 20 years), amortization of such intangible assets' would increase by TL 13.468 (31 December 2011: TL 14.119) and profit before tax and non-controlling interests would decrease by TL 13.468 (31 December 2011: TL 14.119).

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 1.224 and profit before tax and non-controlling interests would increase by TL 1.224 (31 December 2011: TL 1.816); or
- if useful lives were 10% lower, amortization would increase by TL 1.496 and profit before tax and non-controlling interests would decrease by TL 1.496 (31 December 2011: TL 2.219).

#### 2.3.2 Critical accounting judgments

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

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

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 3 – BUSINESS COMBINATIONS

#### Akdeniz Elektrik Üretim A.Ş.- Galata Wind Enerji Anonim Şirketi A.Ş.

As at 29 May 2012, Doğan Enerji, one of the subsidiaries of the Group has entered into share transfer agreement with Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş., Ali İbrahimagaoglu, Hüseyin Avni İbrahimagaoglu, Alican İbrahimagaoglu and Hakkı İbrahimagaoglu (all together referred to as "Vendors") in relation to the share acquisition and transfer of Akdeniz Elektrik Üretim A.Ş. ("Akdeniz Elektrik") having Mersin Wind Power Plant (Mut/Mersin) with 33 MWe installed capacity (having an additional capacity of 9 MWm) and Galata Wind Enerji Anonim Şirketi ("Galata Wind") having Şah Wind Power Plant (Bandırma/Balıkesir) with 93 MWe installed capacity (having an additional capacity of 12 MWm).

Share acquisition price is negotiated between the parties and determined as EUR 240.000.000 for the related companies (For Akdeniz Elektrik Üretim A.Ş., the price is determined as EUR 68.571.429 (exact) and for Galata Wind Enerji Limited Şirketi, the price is determined as EUR 171.428.571 (exact)). Share acquisition is settled in advance and in cash at the closing date, less any payables to banks to be adjusted as of the closing date (amounting to EUR 72.106.798(exact)) and miscellaneous payments (amounting to EUR 13.513.500 (exact), such as; "turbine cost"). As of the agreement sign date, EUR 50.000.000 (exact) of advance is paid to "Vendors" in consideration of the share acquisition and transfer. In addition, transferred companies' due to shareholders to be adjusted as of the closing date which are subject to deduction over the Company value (EUR 16.474.523,98 (exact)) and additional capacity increase construction costs ( EUR 474.576,27 (exact)) are also paid to the vendors. Accordingly, total consideration paid to vendors as of the share transfer ("closing") date (27 June 2012) amounts to EUR 137.430.601(exact).

Share transfer process is completed on 27 June 2012 subsequent to obtaining the required approvals and licenses and TL 310.456 (EUR 137.430.601 (exact)) is paid to the vendors as of 28 June 2012.

In accordance with IFRS 3 Business Combinations ("IFRS 3"), the purchase method accounting is necessary to do work to determine the fair value of the identifiable assets and liabilities as a result of the purchase price of this work of tangible and intangible assets to be distributed work ("Purchase allocating the cost of work ") as of the date the report concluded. Due to the difference between fair value of acquired net assets and purchase price of Akdeniz Elektrik and Galata Wind is below the materiality threshold, directly associated with energy production licenses. Positive or negative goodwill have not been recognized to the records.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 3 – BUSINESS COMBINATIONS (continued)

#### Akdeniz Elektrik Üretim A.Ş.- Galata Wind Enerji Anonim Şirketi A.Ş. (continued)

The acquired assets and liabilities of Akdeniz and Galata as of 27 June 2012, the fair value adjustments which is context of the purchase price allocation study are as follows:

	Akdeniz			Galata			Total
	Net Book Value	Fair Value Adjustment	Fair Value	Net Book Value	Fair Value Adjustment	Fair Value	Fair Value
<b>Current assets</b>							
Cash and cash equivalents	1.105	-	1.105	2.268	-	2.268	3.373
Trade and other receivables	2.985	-	2.985	5.568	-	5.568	8.553
Other current assets	222	-	222	938	-	938	1.160
<b>Non current assets</b>							
Trade and other receivables	1.683	-	1.683	6.166	-	6.166	7.849
Property, plant and equipment	72.102	(16.869)	55.233	172.303	(24.880)	147.423	202.656
Intangible assets	16	-	16	22	-	22	38
Electricity generation licenses	-	98.628	98.628	-	256.417	256.417	355.045
Other non current assets	1.586	-	1.586	2.015	-	2.015	3.601
Deferred tax assets	550	-	550	3.606	-	3.606	4.156
<b>Short term liabilities</b>							
Financial payables	(7.777)	-	(7.777)	(20.592)	-	(20.592)	(28.369)
Trade payables	(1.430)	-	(1.430)	(2.914)	-	(2.914)	(4.344)
Payables to shareholders	(33.080)	-	(33.080)	(4.211)	-	(4.211)	(37.291)
Other short term liabilities	(2.023)	-	(2.023)	(4.679)	-	(4.679)	(6.702)
<b>Long term liabilities</b>							
Long term financial payables	(32.754)	-	(32.754)	(103.767)	-	(103.767)	(136.521)
Other long term liabilities	(50)	-	(50)	(39)	-	(39)	(89)
Deferred tax liabilities	-	(16.352)	(16.352)	-	(46.307)	(46.307)	(62.659)
	<b>3.135</b>	<b>65.407</b>	<b>68.542</b>	<b>56.684</b>	<b>185.230</b>	<b>241.914</b>	<b>310.456</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 3 – BUSINESS COMBINATIONS (continued)

Net amount paid at purchase of subsidiaries:

	<b>Akdeniz</b>	<b>Galata</b>	<b>Total</b>
Cash paid	68.542	241.914	310.456
Cash and cash equivalents of purchased firms (-)	(1.105)	(2.268)	(3.373)
Net cash outflow	67.437	239.646	307.083

### Effects of acquisition over the Group's financial results

The Group has recognized TL 9.053 of profit (comprising of TL 1.262 of profit in relation to Akdeniz Elektrik and TL 7.791 of profit in relation to Galata Wind) in its consolidated financial statements due to the acquisition of Akdeniz Elektrik and Galata Wind. As of 31 December 2012, Akdeniz Elektrik and Galata Wind's interest in the Group's consolidated sales income amounts to TL 10.440 and TL 33.742, respectively. These amounts represent the operating results for the period between the closing date (27 June 2012) and 31 December 2012, which is the issuance of the financial statements.

If the above acquisition were completed as at 1 January 2012, the Group's sales income from ongoing operations would be more TL 28.504 and net profit for the period from ongoing operations would be more TL 11.356.

### *Doğan TV Holding-Eko TV*

Doğan TV Holding has terminated Eko TV joint venture agreement signed with Turner as of 14 June 2012 without any compensation. Following the termination, Eko TV has been accounted as a subsidiary and ceased to be a joint venture of the Group as at 1 July 2013 without any compensation transfer. IFRS 3 requires acquirers to remeasure its previously held equity interest at fair value and recognize the resulting gain or loss, if any, in profit or loss. The Group has completed the remeasurement procedures of Eko TV shares as of 31 December 2012. The details of the remeasurement are summarized below:

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 3 – BUSINESS COMBINATIONS (continued)

30 June 2012

Cash and cash equivalents	110
Current assets	16.668
Non-current assets	365
Current liabilities	(3.222)

#### Group's share in net assets before acquisition

13.921

Goodwill recognized before acquisition	33.881
Total carrying amount before remeasurement	47.802

Total fair value of net assets of Eko TV	59.475
Group's ownership rate	%75,03
Fair value of net assets attributed to the Group	44.630
Decrease in carrying amount after remeasurement recognised as other expense	3.172

Also, the Group has completed the purchase of 19,98% shares of Eko TV as of 6 September 2012 for a consideration of 4.331 TL. After these transactions, the share and voting rights of the Group in Eko TV increased to 57,43%. TL 624 loss as a result of this transaction is journalized in equity in accordance with IAS 27 (revised)

### NOTE 4 – JOINT VENTURES

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

Joint Venture	Country	Nature of Business	Segment	Entrepreneurial Partner
ASPM Holding B.V.	The Netherlands	Internet publishing	Media	Autoscout24 GmbH
OOO Autoscout24	Russia	Internet publishing	Media	Autoscout24 GmbH
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Media	Burda GmbH
DB Popüler Dergiler Yayıncılık A.Ş. ("DB Popüler")	Turkey	Magazine printing	Media	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Media	Egmont
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Media	Burda GmbH
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Media	Koç Holding A.Ş.
Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti. ("Birey İK")	Turkey	Internet services	Media	Doğan Portal and Elektronik Ticaret A.Ş.
Katalog Yayın ve Tanıtım Hizmetleri A.Ş. ("Katalog")	Turkey	Guide publishing	Media	Seat Pagine Gialle SPA
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	Turkey	Internet publishing	Media	Tweege Holdings LP.
DD Konut Finansman A.Ş. ("DD Konut Finansman")	Turkey	Housing finance	Other	Deutsche Bank AG
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Other	Doğuş Holding A.Ş. and Anadolu Endüstri Holding A.Ş.
D-Tes Elektrik Enerjisi Toptan Satış A.Ş. ("D Tes")	Turkey	Energy	Other	Doğuş Holding A.Ş. Unit Investment N.V. and Anadolu Endüstri Holding A.Ş.
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Other	Unit Investment N.V. Doğuş Holding A.Ş. Tekser İnşaat
Tasfiye halinde İsedaş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("İsedaş")	Turkey	Energy	Other	Sanayi ve Ticaret A.Ş. and Çukurova Holding A.Ş.
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Other	Newage Alzarooni Limited
Nakkaştepe Gayrimenkul Yatırımları İnşaat Yönetim ve Ticaret A.Ş. ("Nakkaştepe Gayrimenkul")	Turkey	Real Estate	Other	Rönesans Gayrimenkul Yatırım A.Ş.
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.	Turkey	Real Estate	Other	Rönesans Gayrimenkul Yatırım A.Ş.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOT 4 – BUSINESS COMBINATIONS (Continued)

The table below sets out the Joint Ventures, the proportion of voting power held by Doğan Holding, its subsidiaries and Doğan family and effective ownership interests at 31 December 2012 and 31 December 2011:

Subsidiaries	Voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power family members(%)		Proportion of total proportion of voting power held(%)		Proportion of effective ownership interest (%)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
ASPM Holding B.V.	37,88	36,28	-	-	37,88	36,28	23,26	22,02
OOO Autoscout24 <sup>(1)</sup>	37,88	36,28	-	-	37,88	36,28	23,26	22,02
DB	44,89	44,89	0,49	0,49	45,38	45,38	33,93	33,93
DB Popüler	44,87	44,87	0,01	0,01	44,88	44,88	33,92	33,92
Doğan Egmont	50,00	50,00	-	-	50,00	50,00	37,80	37,80
DPP	46,00	46,00	10,00	10,00	56,00	56,00	34,76	34,72
Ultra Kablolu <sup>(2)</sup>	50,00	50,00	-	-	50,00	50,00	37,80	37,80
Birey İK	50,00	50,00	50,00	50,00	100,00	100,00	26,74	26,74
Katalog <sup>(3)</sup>	50,00	50,00	-	-	50,00	50,00	37,80	37,80
Tipeez	30,00	30,00	-	-	30,00	30,00	18,42	18,42
DD Konut Finansman	47,00	47,00	4,00	4,00	51,00	51,00	47,00	47,00
Aslancık Elektrik	33,33	33,33	-	-	33,33	33,33	33,33	33,33
D Tes	25,00	25,00	-	-	25,00	25,00	25,00	25,00
Boyabat Elektrik	33,00	33,00	-	-	33,00	33,00	33,00	33,00
İsedaş <sup>(4)</sup>	45,00	45,00	-	-	45,00	45,00	45,00	45,00
Gas Plus Erbil	50,00	50,00	-	-	50,00	50,00	50,00	50,00
Nakkaştepe Gayrimenkul <sup>(5)</sup>	50,00	-	-	-	50,00	-	50,00	-
Kandilli Gayrimenkul <sup>(5)</sup>	50,00	-	-	-	50,00	-	50,00	-
TNT <sup>(6)</sup>	-	75,02	-	0,02	-	75,04	-	45,35

<sup>(1)</sup> The related joint venture is in the liquidation process as of February 19, 2013.

<sup>(2)</sup> Operations have been terminated as of November, 2006. The company is included in scope of consolidation.

<sup>(3)</sup> Operations have been terminated as of September, 2009. The company is included in scope of consolidation.

<sup>(4)</sup> This joint venture is in the liquidation process as of 19 August 2011.

<sup>(5)</sup> The related joint venture was established as of 5 April 2012.

<sup>(6)</sup> As of 6 September 2012, Group Management has completed the share purchase transaction for the 19,98% shares of TNT which was accounted as joint venture at 31 December 2011. In the current period, the Company has been included as subsidiary in the scope of consolidation.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 4 – BUSINESS COMBINATIONS (continued)

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and gross profit and net profit of the year of joint ventures included in the consolidated financial statements by using the proportionate consolidation method are as follows:

	31 December 2012	31 December 2011
Current assets	146.015	64.401
Current liabilities	1.173.784	855.086
<b>Total assets</b>	<b>1.319.799</b>	<b>919.487</b>
Current liabilities	359.897	127.373
Non-current liabilities	597.912	538.275
Equity	361.990	253.839
<b>Total liabilities and equity</b>	<b>1.319.799</b>	<b>919.487</b>
<b>Statements of income:</b>	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Income</b>	<b>43.165</b>	<b>48.715</b>
<b>Gross profit</b>	<b>48.433</b>	<b>40.628</b>
Marketing sales and distribution expenses (-)	(26.833)	(24.784)
General administrative expenses (-)	(21.099)	(16.247)
Other operating (expense)/income, net	(1.805)	(1.789)
<b>Operating losses</b>	<b>(1.304)</b>	<b>(2.192)</b>
Financial income	50.766	11.573
Financial expenses (-)	(12.304)	(55.917)
<b>Profit/(loss) before income taxes</b>	<b>37.158</b>	<b>(46.536)</b>
Current income tax charge	(1.572)	(1.258)
Deferred tax income/(expenses)	(6.370)	9.811
<b>Net profit/(loss) for the period</b>	<b>29.216</b>	<b>(37.983)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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 revenues

	2012	2011
Media	2.499.008	2.318.655
Retail	342.213	283.549
Other	315.303	258.474
	<b>3.156.524</b>	<b>2.860.678</b>

#### b) Profit /(loss) before income taxes

	2012	2011
Media	323.327	(1.303.342)
Retail	6.967	7.945
Other	(6.325)	407.505
	<b>323.969</b>	<b>(887.892)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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 1 January – 31 December 2012;

	Media	Retail	Other	Inter-segment elimination	Total
External revenues	2,499,008	342,213	315,303	-	3,156,524
Intra segment revenues	1,397,988	3,035	9,724	-	1,410,747
Inter segment revenues	26,581	2,621	37,036	-	66,238
<b>Total revenues</b>	<b>3,923.577</b>	<b>347.869</b>	<b>362.063</b>	<b>-</b>	<b>4,633.509</b>
<b>Total cost of sales</b>	<b>(2,872.883)</b>	<b>(219.845)</b>	<b>(267.546)</b>	<b>-</b>	<b>(3,360.274)</b>
Revenues	2,525,589	344,834	352,339	(66,238)	3,156,524
Cost of sales	(1,755,657)	(216,810)	(263,453)	24,411	(2,211,509)
<b>Gross profit</b>	<b>769.932</b>	<b>128.024</b>	<b>88.886</b>	<b>(41.827)</b>	<b>945.015</b>
Marketing, selling and distribution expenses	(290,442)	(109,786)	(11,555)	554	(411,229)
General administrative expenses	(327,955)	(9,612)	(113,191)	41,205	(409,553)
Other income/(expenses), net	169,336	402	17,463	(809)	186,392
Financial income	252,614	4,567	218,521	(11,774)	463,928
Financial expenses	(250,158)	(6,628)	(206,449)	12,651	(450,584)
<b>(Loss)/ Profit before income taxes</b>	<b>323.327</b>	<b>6.967</b>	<b>(6.325)</b>	<b>-</b>	<b>323.969</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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 1 January – 31 December 2011:

	Media <sup>(1)</sup>	Retail	Other <sup>(1)</sup>	Inter-segment eliminations	Total
External revenues	2.318.655	283.549	258.474	-	2.860.678
Intra segment revenues	1.850.051	3.499	6.643	-	1.860.193
Inter segment revenues	19.165	3.987	12.718	-	35.870
<b>Total revenues</b>	<b>4.187.871</b>	<b>291.035</b>	<b>277.835</b>	<b>-</b>	<b>4.756.741</b>
<b>Total cost of sales</b>	<b>(3.105.430)</b>	<b>(181.722)</b>	<b>(248.450)</b>	<b>-</b>	<b>(3.535.602)</b>
Revenues	2.337.820	287.536	271.192	(35.870)	2.860.678
Cost of sales	(1.648.774)	(181.722)	(248.398)	18.084	(2.060.810)
<b>Gross profit</b>	<b>689.046</b>	<b>105.814</b>	<b>22.794</b>	<b>(17.786)</b>	<b>799.868</b>
Marketing, selling and distribution expenses	(283.676)	(90.443)	(11.386)	4.336	(381.169)
General administrative expenses	(321.495)	(8.967)	(79.007)	15.098	(394.371)
Other income/(expenses), net	(1.087.916)	961	(25.362)	(1.537)	(1.113.854)
Financial income	259.253	2.937	715.625	(5.739)	972.076
Financial expenses	(558.554)	(2.357)	(215.159)	5.628	(770.442)
<b>Profit/(loss) before income taxes</b>	<b>(1.303.342)</b>	<b>7.945</b>	<b>407.505</b>	<b>-</b>	<b>(887.892)</b>

<sup>(1)</sup> Doğan Havaçılık, which is accounted for using the equity method by Doğan Yayın Holding, parent company of Media Segment, is consolidated on a line-by-line basis by the Group since it is controlled by the Group and it is reported in "Other" segment.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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#### NOTE 5-SEGMENT REPORTING (continued)

##### d) Segment assets

	31 December 2012	31 December 2011
<b>Total assets</b>		
Media <sup>(1)</sup>	3.937.183	4.683.577
Retail	155.177	-
Other	6.687.044	5.896.840
	<b>10.779.404</b>	<b>10.580.417</b>
Less: segment elimination <sup>(2)</sup>	(2.110.741)	(1.891.934)
<b>Total assets per consolidated financial statements</b>	<b>8.668.663</b>	<b>8.688.483</b>
<b>Shareholder's Equity</b>		
Media <sup>(1)</sup>	1.420.467	1.071.701
Retail	51.335	-
Other	4.550.494	4.602.536
<b>Total</b>	<b>6.022.296</b>	<b>5.674.237</b>
Less: segment elimination <sup>(3)</sup>	(1.931.874)	(1.782.365)
<b>Total shareholders' equity per Consolidated financial statements</b>	<b>4.090.422</b>	<b>3.891.872</b>
Non-controlling interests	(909.415)	(822.005)
<b>Total shareholder's equity</b>	<b>3.181.007</b>	<b>3.069.867</b>

<sup>(1)</sup> Due to the Doğan Havacılık is controlled by the Group, which has been consolidated as media operating segment to Doğan Yayın Holding's consolidated financial statements with equity method in 2011, it has been reported in the "Other" operating segment by being consolidated with full consolidation method. Value carried to the consolidated financial statements of Doğan Yayın Holding with the equity value has been deducted from media segment's total assets and equity. Because of the share sales of Doğan Yayın Holding's on Doğan Havacılık as of December 31, 2012, there is not any deduction process from media operations.

<sup>(2)</sup> Segment elimination amount consists of elimination of Group's subsidiary amount to Doğan Yayın Holding and reciprocal debit and credit balances between Media and Other segments.

<sup>(3)</sup> Segment elimination amount represents reciprocal elimination of Doğan Yayın Holding's adjusted capital amount within Media segment's total equity and Group's subsidiary amount to Doğan Yayın Holding.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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) Capital expenditures for property, plant and equipment, intangible assets and investment properties with depreciation and amortization charge:

	2012	2011
<b>Purchases</b>		
Media	279.935	237.016
Retail	14.604	10.831
Other	354.547	382.599
<b>Total</b>	<b>649.086</b>	<b>630.446</b>

#### Amortisation and depreciation

Media	180.502	206.854
Retail	7.211	7.237
Other	22.288	18.125
<b>Total</b>	<b>210.001</b>	<b>232.216</b>

#### f) Non-controlling interests

	31 December 2012			31 December 2011		
	Doğan Family	Other	Total	Doğan Family	Other	Total
Media	81.983	777.936	859.919	78.727	687.643	766.370
Retail	2	64	66	-	-	-
Other	6.843	42.587	49.430	7.148	48.487	55.635
	<b>88.828</b>	<b>820.587</b>	<b>909.415</b>	<b>85.875</b>	<b>736.130</b>	<b>822.005</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### g) Non-cash expenses (net):

Non-cash expenses according to the segments are as follows:

	2012			
	Media	Retail	Other	Total
Provision for trade and other doubtful receivables (Note 9)	38.094	92	2.158	40.344
Provision for employment termination benefits (Note 19)	13.069	2	1.884	14.955
Interest expense accruals	16.129	-	3.530	19.659
Provision for lawsuits (Note 17)	10.474	-	334	10.808
Provision for impairment on inventories (Note 11)	595	38	(196)	437
Provision for unused vacation liabilities (Note 20)	8.914	52	1.144	10.110
Provision for impairment on goodwill (Note 15)	21.278	-	-	21.278
Provision for impairment on intangible assets ( Note 14)	1.868	-	-	1.868
Provision for impairment on investment properties (Note 13)	1.062	-	(12.323)	(11.261)
	<b>111.483</b>	<b>184</b>	<b>(3.469)</b>	<b>108.198</b>

	2011			
	Media	Retail	Other	Total
Provision for trade and other doubtful receivables (Note 9)	35.997	401	2.894	39.292
Provision for employment termination benefits (Note 19)	20.430	122	3.179	23.731
Interest expense accruals	12.460	293	5.246	17.999
Within the scope of Law No: 6111 disputed tax liabilities (Note 20)	655.560	-	189.433	844.993
Within the scope of Law No: 6111 base increase liabilities (Note 20)	23.312	-	16.655	39.967
Provision for impairment on goodwill (Note 15)	103.895	-	-	103.895
Provision for impairment on intangible assets ( Note 14)	33.812	-	1.419	35.231
Provision for impairment on property, plant and equipment ( Note 14)	10.821	-	-	10.821
Provision for unused vacation liabilities (Note 20)	15.987	-	2.340	18.327
Provision for lawsuits (Note 17)	(3.099)	-	5.748	2.649
Provision for impairment on inventories (Note 11)	(1.830)	-	875	(955)
	<b>907.345</b>	<b>816</b>	<b>227.789</b>	<b>1.135.950</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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

The details of cash and cash equivalents at 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Cash	2.402	3.418
Banks		
- Time deposits	68.283	56.954
- Demand deposits	1.973.643	3.292.201
Other current assets	194.210	112.037
Reverse repurchase agreements	3.724	3.876
	<b>2.242.262</b>	<b>3.468.486</b>

The time deposits of the Group are mainly composed of USD, EUR and TL and the effective interest rates of USD, EUR and TL denominated time deposits are between 0,1% and 6% (31 December 2011: 0,5% and 6,05%), 0,25% and 6,75% (31 December 2011: 1% and 6,05%) and 3% and 12,3% (31 December 2011: 5,7% and 12,7%), respectively and its maturity is shorter than 3 months.

As of 31 December 2012, other current assets consist of credit card slip receivables amounting to TL 49.068 (31 December 2011: TL 36.247) and blocked deposits amounting to TL 145.142 (31 December 2011: TL 75.790).

As of 31 December 2012, reverse repo agreements are in US Dollars and TL and the interest rates are %0,59 and %5,47, respectively.

Cash and cash equivalents disclosed in the consolidated statements of cash flows for the periods ended 31 December 2012, 31 December 2011 and 2010 are as follows:

	31 December 2012	31 December 2011	31 December 2010
Cash and cash equivalents	2.242.262	3.468.486	3.464.537
Accrued interest (-)	(29.833)	(10.460)	(5.708)
<b>Cash and cash equivalents</b>	<b>2.212.429</b>	<b>3.458.026</b>	<b>3.458.829</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 7-FINANCIAL INVESTMENTS

#### a) Current financial investments

	31 December 2012	31 December 2011
Government bonds and treasury bills	173.674	88.572
Time deposits	-	103.100
	<b>173.674</b>	<b>191.672</b>

Government bonds and treasury bills dominated in TL and US Dollar, and interest rates are %9,48 and 5,17%, respectively (31 December 2011: US Dollar 4,43%). As of 31 December 2012, there is no time deposits denominated TL and US Dollar.(As of 31 December 2011, average annual interest rate of TL denominated time deposits is 9,37% and average annual rate of US Dollar denominated time deposits between %1 and %6).

#### b) Financial derivative assets

	31 December 2012	31 December 2011
Valuation of interest rate swap agreements (Note 8)	308	4.606
Term foreign currency purchase and sale transactions (Note 8)	794	34
	<b>1.102</b>	<b>4.640</b>

#### c) Non-current financial investments

	31 December 2012		31 December 2011	
	TL	%	TL	%
Marbleton Property Fund L.P ("Marbleton") <sup>(1)</sup>	8.809	9	12.154	9
Aks Televizyon Reklamcılık ve Filmcilik Sanayi ve Ticaret A.Ş. ("Aks TV")	2.923	9	2.923	9
POAŞ <sup>(2)</sup>	897	0,03	699	0,03
Anten Teknik Hizmetler ve Verici Tesis İşletme A.Ş.	787	-	-	-
Other	532	-	914	-
Less: provision for impairment <sup>(3)</sup>	(11.732)		(10.960)	
	<b>2.216</b>		<b>5.730</b>	

<sup>(1)</sup> The investment portfolio of Marbleton is sold and converted into cash in the current period and US Dollar 1.968 for TL 3.345 cash was obtained. Amounting to TL 8.809 for the whole of the remaining balance of the provision in prior periods are preserved.

<sup>(2)</sup> After the removal of restriction on shares, "Restricted shares" which correspond to 0,03% of POAŞ's capital (calculated as 192.500 shares as of the current situation) are decided to be transferred to OMV Enerji Holding A.Ş in a total cash consideration of EUR 600.000. Since the related share transfer has not been realized as of 31 December 2012, 192.500 shares that Group owns are recognized at fair value, which is calculated by using the market price of shares.

<sup>(3)</sup> As of 31 December 2012, available for sale financial assets except POAŞ are carried at the cost value. There are TL 8.809 and TL 2.923 impairment on Marbleton and Aks TV, respectively (31 December 2011: TL 8.037 and TL 2.923 ).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8 – FINANCIAL BORROWINGS

<b>Short-term financial borrowings:</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Short term bank borrowings	982.389	489.993
Short-term portion of long-term bank borrowings	326.800	404.158
Financial borrowings related with options	216.190	-
Interest bearing payables to suppliers	34.193	31.763
Finance lease borrowings	8.194	8.936
	<b>1.567.766</b>	<b>934.850</b>
<b>Long-term financial borrowings:</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Long term bank borrowings	1.427.043	1.351.125
Financial borrowings related with options	-	215.135
Interest bearing payables to suppliers	6.929	34.994
Finance lease borrowings	14.494	21.978
	<b>1.448.466</b>	<b>1.623.232</b>



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8-FINANCIAL BORROWINGS (continued)

Details of the bank borrowings as of 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012			31 December 2011		
	Interest rate per annum (%)	Original foreign currency	TL	Interest rate per annum (%)	Original foreign currency	TL
<b>Short-term bank borrowings</b>						
TL denominated bank borrowings	0-12	260.933	260.933	12,25 – 15,50	149.858	149.858
USD denominated bank borrowings	3,5-6,4	333.890	595.193	4,50 – 6,75	128.684	243.071
EUR denominated bank borrowings	4,5-5,78	53.690	126.263	5,79 – 9,69	39.718	97.064
CHF denominated bank borrowings	-	-	-	-	-	-
<b>Sub-total</b>			<b>982.389</b>			<b>489.993</b>
Short-term portion of long-term bank borrowings:						
TL denominated bank borrowings	4-13,125	1.106	1.106	12,25– 15,50	3.005	3.005
USD denominated bank borrowings	2,65-5,85	162.887	290.362	2,64 – 7,00	205.561	388.284
EUR denominated bank borrowings	1,3-6,5	15.024	35.332	2,52 – 7,60	5.266	12.869
<b>Sub-total</b>			<b>326.800</b>			<b>404.158</b>
<b>Total short-term bank borrowings</b>			<b>1.309.189</b>			<b>894.151</b>
<b>Long-term bank borrowings:</b>						
TL denominated bank borrowings	6,4-12	8.867	8.867	12,25 – 15,50	9.173	9.173
USD denominated bank borrowings	4,13-6,12	638.646	1.138.451	2,64 – 7,00	695.915	1.314.514
EUR denominated bank borrowings	1,8-5,11	118.946	279.725	2,52 – 6,90	11.228	27.438
<b>Total long-term bank borrowings</b>			<b>1.427.043</b>			<b>1.351.125</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8-FINANCIAL BORROWINGS (continued)

#### i) Borrowings (continued)

The redemption schedule of long-term bank borrowings is as follows:

Year	31 December 2012	31 December 2011
2013	-	357.584
2014	563.218	424.058
2015 and after	863.825	569.483
	<b>1.427.043</b>	<b>1.351.125</b>

As of 31 December 2012, the floating rate bank borrowings of the Group denominated in USD have interest rates fluctuating between Libor + 0,95% and Libor + 6,89% (London Interbank Offered Rate) (December 31, 2011: Libor + 2,4 and + 6,1% ), TL-denominated floating rate loans with interest rates of Libor + 2,15% Libor + 2,75%, (December 31, 2011: LIBOR + 2,15% to LIBOR + 2,75%), and the Euro denominated floating rate of Euribor + 0,95% of loans with interest rates of Euribor + 6,19% (December 31, 2011: Euribor + 0,75% and Euribor + 4,5%), respectively.

Carrying value of the financial liabilities is considered to approximate their fair value since discount effect is not material. Group borrows loans on fixed and floating interest rates. At 31 December 2012, bank borrowings with floating interest rates amounted to TL 2.214.723 (31 December 2011: TL 1.631.165).

#### Commitments and financial terms about borrowings

##### Media

The financial conditions against the bank regarding the long-term bank borrowing of Hürriyet, one of the subsidiaries of Doğan Yayın Holding, to be used in the purchasing of TME shares, have been met. According to these conditions, the ratio of net debt amount to EBITDA and shareholders' equity identified by the bank for the last 12 months consolidated financial statements have remained below a certain level.

Also, the Group and Hürriyet have not entered any merger, split, restructuring activities that can change the partnership structure or main business line of TME. The related loan has been paid and closed at January 4, 2013.

Hürriyet has given guarantees amounting to 33.649.091 (exact) shares, which represents 67,3% of TME, one of the subsidiaries of the Group, to financial institutions in regards to long term loans (31 December 2011: 33.649.091 (exact) shares). These guarantees have been taken back subsequent to the payment of the remaining installment of the loan made at January 4, 2013.

OOO Pronto Moscow has restructured its bank loan classified under the long-term financial liabilities as of 31 December 2010 amounting to USD 70.000, as at 15 April 2011. Under the loan restructuring agreement, Doğan Holding's USD 70.000 of deposit amount has been blocked as a guarantee against the related loan (Note 20).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 8-FINANCIAL BORROWINGS (continued)

##### i) Borrowings (continued)

##### Commitments and financial terms about borrowings (continued)

##### *Media (continued)*

OOO Pronto Moscow has restructured its bank loan in January 2013 classified under the long-term financial liabilities as of 31 December 2012 amounting to USD 70.000. Also, interest rate applied has decreased to 6,25% from 6,40% as of 31 December 2012.

##### *Other*

##### **Boyabat Elektrik**

Group's joint venture Boyabat Elektrik's construction of 513MW installed capacity dam-type hydroelectric power plant project at the township Boyabat in the province Sinop is after obtaining the necessary regulatory approvals became operational in 5 December 2012. Boyabat Elektrik's investment has been financed with the combination of debt and equity. According to preliminary protocol signed on 25 July 2008 and 31 August 2009 and credit contract signed on 15 January 2010, USD 750.000 credit is provided to Boyabat Elektrik by Turkish commerce banks' consortium. Boyabat Elektrik used the funds amounted USD 750.000 of mentioned financing package on various dates until 31 December, 2012.

Financial commitments that must be met by Boyabat Elektrik related to the loan are as follow:

- Debt/Equity ratio must not be over the ratio of 70:30 during the credit duration.
- Debt Coverage ratio must not be below the ratio of 1.1:1 on any of the two consecutive interest payment dates (the earliest from the completion of all funded projects).

Under the loan agreement signed on 15 January 2010 and according to share pledge agreement signed on 15 January 2010 and additional share pledge agreements signed on various dates, entire shares of Boyabat Elektrik were pledged on behalf of consortium of lender banks.

##### **Aslancık Elektrik**

Group's joint venture Aslancık Elektrik's construction of 120 MWm /93 MWe installed capacity hydro energy production facility in Giresun, Doğankent began in 2010 and scheduled to be completed in 2013. Based on the loan agreement signed on 24 January 2011, in total USD 160.000 of loan was planned to be provided to Aslancık Elektrik In this context, Aslancık Elektrik used USD 137.317 amounted bank loan. Group pledged the entire shares of Aslancık Elektrik on behalf of financial institutions according to the loan agreement discussed above.

Under the loan agreement was signed on 24 January 2011, the same date that the contract in addition to the share pledge agreement and an additional share pledge agreements signed with various dates on all of the shares in accordance with the Aslancık Elektrik pledged in favor of financial institutions.

##### **Akdeniz and Galata Wind**

Subsidiaries of the Group in respect of the loans used by Akdeniz Elektrik and Galata Wind certain financial covenants that must be met are available. Defined in the credit agreement "Debt Service Coverage Ratio" (DSCR) should be minimum 1.10. Borrowers and guarantors, committed DSCR to be at this level until the debt has been paid back completely. The minimum rate of DSCR, determined by loan agreement remained below two times in a row and then deemed in a default state when not decrease to the minimum level of DSCR through an capital increase. DSCR calculations will be made every six months.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8-FINANCIAL BORROWINGS (continued)

#### i) Borrowings (continued)

##### Share Pledges

As of the balance sheet date, 11,3% and 15% shares of Doğan Yayın Holding (226.354.060 (exact) and 300.000.000 (exact) shares), 13,3% shares of Hürriyet (73.200.000 (exact) shares), 20,87% shares of Kanal D (10.747.548 (exact) shares) , 67,3% shares of TME (33.649.091 (exact) shares), 33,33% shares of Aslancık Elektrik (25.000.000 (exact) shares) and 33% shares of Boyabat Elektrik (6.996.000 (exact) shares) were given as pledges to financial institutions in respect of the long-term financial borrowings of the Group. As of 28 November 2012, pledge on shares of Kanal D have decreased to 20,87% (10.747.548 (exact) shares) from 49%. Deutsche Bank AG has used its "call" option right as of 19 February 2013 and sold 22% shares of Doğan Gazetecilik to Doğan Yayın Holding in consideration of USD 122.323 and as a result of this transaction, 11,3% shares of Doğan Yayın Holding (226.354.060 (exact) shares) and 13,3% shares of Hürriyet (73.200.000 (exact) shares) have been repurchased. In addition, 67,3% shares of TME (33.649.091 (exact) shares) have been repurchased as a result of full payment of participation loan borrowed as at 4 January 2013 in relation to the acquisition of TME.

#### ii) Financial liabilities related with options

Doğan Gazetecilik's, one of the subsidiaries of the Group, 22.000.000 shares each having par value of TL 1, which correspond to 22% of Doğan Gazetecilik's issued capital amounting to TL 78.000, are sold to Deutsche Bank AG during the capital raise to TL 100.000 on 19 November 2007 in the ISE Wholesale Market in consideration of USD 4,0 (exact) per share (initial price) (TL 4,73 (exact), by putting a restriction over the existing shareholders' share purchase rights.

There are put and call option agreements between Doğan Yayın Holding and Deutsche Bank AG upon the shares of Doğan Gazetecilik. According to the call option agreement, Doğan Yayın Holding has the call option from Deutsche Bank AG for 21.945.000 shares of Doğan Gazetecilik, and according to the put option agreement, Deutsche Bank AG has the put option to Doğan Yayın Holding for 23.100.000 shares of Doğan Gazetecilik. Maturities of both agreements are 5 years 3 months and end at 19 February 2013. It is possible to use the "call" option after 19 November 2010. As of 20 February 2013, Deutsche Bank AG has used its "call" option right and sold 22% shares of Doğan Gazetecilik to Doğan Yayın Holding in consideration of USD 122.323.

Since Doğan Yayın Holding has a liability of giving another entity cash or another financial asset (in the case the put option is exercised by Deutsche Bank AG) as a result of the put option agreement mentioned above, USD 88.000 is presented as a financial liability in the consolidated financial statements as of 31 December 2012. As per the put option agreement, the put option exercise price is calculated by considering the initial price and the interest rate of 6,46%.

#### iii) Finance lease liabilities:

The Group acquired property, plant and equipment through finance leases. As of 31 December 2012, total lease payment commitments of the Group relating to such short and long term lease agreements amount to TL 22.688 (31 December 2011: TL 30.914).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8-FINANCIAL BORROWINGS (continued)

#### iii) Finance lease liabilities (continued):

The redemption schedules of long-term leasing payables at 31 December 2012 and 31 December 2011 are summarized below:

	31 December 2012	31 December 2011
2013	-	7.375
2014	8.130	8.054
2015 and after	6.364	6.549
<b>Total</b>	<b>14.494</b>	<b>21.978</b>

#### iv) Interest bearing payables to suppliers:

Interest bearing payables to suppliers are related to the machinery and equipment purchases of Hürriyet, one of the subsidiaries of Doğan Yayın Holding. Interest rates of these short and long-term payables in USD, EUR, CHF are 0,91%, 1,22% and 1,07%, respectively (31 December 2011: USD 0,9%, EUR 2,1%, CHF 1,7%).

The maturity analysis of long-term interest bearing payables to suppliers at 31 December 2012 and 31 December 2011 is as follows:

	31 December 2012	31 December 2011
2013	-	27.794
2014 and after	6.929	7.200
<b>Total</b>	<b>6.929</b>	<b>34.994</b>

The Group's short-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 34.193 (31 December 2011: TL 31.763) and long-term financial liabilities TL 6.929 as of 31 December 2012 (31 December 2011: TL 34.994).

Interest bearing payables to suppliers have floating interest rates. The exposure of the Group's financial liabilities to suppliers to the risk of interest rate changes and the contractual repricing dates are as follows:

	31 December 2012	31 December 2011
6 months and less	41.122	66.757
<b>Total</b>	<b>41.122</b>	<b>66.757</b>

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8-FINANCIAL BORROWINGS (continued)

Allocation of loans with fixed and floating interest rates of the Group as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Loans with fixed interest rates	801.509	860.160
Loans with floating interest rates	2.173.601	1.631.165
<b>Total</b>	<b>2.975.110</b>	<b>2.491.325</b>

### (v) Other financial liabilities

As of December 31, 2012 and December 31, 2011 are presented below details of other financial liabilities.

Other short term financial liabilities:	2012	2011
Share purchase commitment (Note 17)	162.849	66.438
Short term coupon payment of long term bond <sup>(1)</sup>	37.050	2.233
Factoring payables	419	2.890
	<b>200.318</b>	<b>71.561</b>

Other long term financial liabilities:	2012	2011
Share purchase commitment (Note 17)	289.164	434.962
Bond <sup>(1)</sup>	25.760	21.558
	<b>314.924</b>	<b>456.520</b>

<sup>(1)</sup> These are obligations related to the bonds issued by the joint venture DD Konut Finansman on 21 July 2010, amounting to TL 50.000, with 3-year maturity and quarterly coupon payment with a fixed interest rate (9,92% annual nominal interest rate) bond issued on 11 January 2012 amounting to TL 30.000 with 1-year and maturity coupon payment with a fixed interest rate at the end of the maturity and on 7 December 2012 each one amounting to TL 30.000 2-year and maturity coupon payment with a fixed interest rate at the end of the maturity (8,50% and 8,99% annual nominal interest rate, respectively). At the period that ended on 31 December 2012, TL 5.020 (31 December 2011: TL 1.208) interest expense has arisen related to aforementioned bonds.

Derivative financial liabilities:	31 December 2012	31 December 2011
Swap transactions in foreign exchange	5	3.324
Interest rate interval swap transactions	2.725	3.216
Interest rate swap transactions	-	70
	<b>2.730</b>	<b>6.610</b>

1) Swap transactions in foreign exchange

Group's joint venture DD Konut Finansman, made Euro swap agreement regarding to bank loans amounting USD 25.222 (31 December 2011: USD 46.080) during the period. As of 31 December 2012 the fair value of swap transactions are TL 573 (31 December 2011: TL 230 financial liability).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 8-FINANCIAL BORROWINGS (continued)

Group's joint venture Aslancık has forward agreement to reduce exchange rate risk as of 31 December 2011. As of 31 December 2011, there is a TL purchase commitment in return for USD 24.000 sales commitment with the aforementioned forward agreement. Maturity of this contract is between three to twelve months. Financial liability regarding this transaction is TL 1.404.

As of 31 December 2012, Group's joint venture DD Konut Finansman has forward agreements to sale CHF 2.312 in return for EUR 1.913 purchase commitment, sale TL 15.896 in return for EUR 5.080 purchase commitment, sale USD 16.511 in return for EUR 12.527 purchase commitment, sale TL 21.698 in return for USD 11.681 purchase commitment, sale USD 1.852 in return for USD 3.311 purchase commitment, sale EUR 91 in return for TL 212 purchase commitment with the purpose of reducing exchange rate risk. Amount of financial liability related to these transactions is TL 5 and amount of financial asset is TL 221 as of 31 December 2012. As of 31 December 2011, Group's joint venture DD Konut Finansman has forward agreements to sale USD 18.001 in return for EUR 13.158 purchase commitment, TL purchase commitment in return for USD 32.825 sales commitment, TL sales commitment in return for USD 2.368 purchase commitment and CHF 44 sales commitment in return for EUR 37 purchase commitment with the purpose of reducing exchange rate risk. Amount of financial liability related to these transactions is TL 1.593 and amount of financial asset is TL 34 as of 31 December 2011.

Çelik Halat, a subsidiary of the Group, has 2 forward agreements to reduce exchange rate risk as of 31 December 2011. As of 31 December 2011, related forward transaction agreements are performed with conditions of as TL 6.830 selling commitment in exchange of EUR 2.755 purchase commitment and the maturity of these agreements are shorter than 2 months. Financial assets related with this transaction is TL 97 as of 31 December 2011.

#### 2) Interest rate intervalswap transactions

Group, has an interest rate swap agreement to convert floating interest (Libor) rate to fixed interest rate for its loan amounting to USD 80.283. According to the agreement, interest expense of loan depending on 6 months libor rate, is fixed until 5 July 2011. Financial expense recognised as of 31 December 2011 regarding these agreements amounts to TL 182.

Doğan TV Holding, one of the subsidiaries of the Group, had an interest rate swap agreement amounting to USD 33.333 related with bank borrowings to convert floating interest rate to fixed interest rate for its loan. According to the agreement, interest expense of loan was fixed until 23 May 2014. Financial liability recognised as of 31 December 2012 regarding these agreements amounted to TL 1.683 (31 December 2011: TL 3.129). TL 308 financial income is recognised during the period regarding these agreements (31 December 2011: None).

Group's joint venture DD Konut Finansman has interest swap agreements made with the purpose of translating its loan debt's floating rate to fixed rate as of 31 December 2012. It has agreement of USD 20.000 foreign currency interest swap. Maturities of contracts are between April 2013 and 2016. Financial asset recognized related to these contracts is none (31 December 2011: TL 4.606) and financial liability recognized is TL 1.042 (31 December 2011: TL 87) as of 31 December 2012.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 8-FINANCIAL BORROWINGS (continued)

#### 3) Interest rate swap transactions

There is no interest rate swap transactions as of 31 December 2012.

Group, entered into two collar agreements (CAP and collar) totaling to USD 4.750 to hedge the interest rate risk arising from borrowings as of 31 December 2011. The agreements have fixed base and cap rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the base rate, the Group has to compensate for the difference between the base rate and the actual rate. Similarly, if the LIBOR rate is above the cap rate, banks will compensate the difference to the Group.

As of 31 December 2011, fixed base and cap rates change between 3,0% and 5,6% and the main floating interest rate is LIBOR. Financial liability recognised as of the balance sheet date regarding these agreements amounted to TL 70. Financial expense recognised during the period regarding these agreements amounting to TL 1.131.

### NOTE 9-TRADE RECEIVABLES AND PAYABLES

#### Short-term trade receivables

	31 December 2012	31 December 2011
Trade receivables	892.883	833.467
Notes and cheques receivable	44.102	36.086
Other	-	2.571
<b>Total</b>	<b>936.985</b>	<b>872.124</b>
Less: unearned financial income due to sales with maturity	(5.445)	(13.081)
Less: provision for doubtful receivables	(204.220)	(179.391)
	<b>727.320</b>	<b>679.652</b>

In the media segment of the Group, the average maturity of not overdue trade receivables is between 70 and 98 days as of the balance sheet date (31 December 2011: 67-91 days). The maturities of trade receivables of the Group vary, in the publishing segment of the Group the discount rate of trade receivables calculated as annual compound is 10,03% (31 December 2011: 10%-14,4%) and in the broadcasting segment of the Group discount rate of trade receivables calculated as annual simple is 10,03% (31 December 2011: 12%).

In the retail segment of the Group, the average maturity of not overdue trade receivables is 45 days as of the balance sheet date (31 December 2011: 45 days). Average discount rate calculated as annual compound of trade receivables is 10,03% (31 December 2011: 14,4%).

In the other segment of the Group, the average maturity of not overdue trade receivables is between 40 and 90 days as of the balance sheet date (31 December 2011: 30-90 days). Average discount rate calculated as annual compound of trade receivables is 10,03% (31 December 2011: 14,4%).

#### Long-term trade receivables

	31 December 2012	31 December 2011
Trade receivables, net	164.975	133.253
Notes receivables, net	2.217	274
Provision for doubtful receivables (-)	(215)	-
	<b>166.977</b>	<b>133.527</b>

Long-term trade receivables of Group is basically from DD Konut Finansman and all amounts secured by mortgages.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 9-TRADE RECEIVABLES AND PAYABLES (continued)

The movements of provision for doubtful receivables for the current period is as follows:

	2012	2011
As of 1 January	(179.391)	(193.662)
Provision booked in the current period (Note 25)	(40.038)	(35.393)
Provisions booked from discontinued operations (Note 25)	-	(3.626)
Provisions released related with discontinued operations	-	22.344
Changes in consolidation method (Note 25)	(306)	-
Collections and cancelled provisions from continued operations	15.166	28.870
Currency translation differences	84	(1.588)
Reversal of provisions related to continuing operations	-	3.664
Reversed provisions due to disposal of subsidiary	50	-
<b>31 December</b>	<b>(204.435)</b>	<b>(179.391)</b>

#### *Aging analysis of trade receivables*

As of 31 December 2012, trade receivables of amounting to TL 146.299 (31 December 2011: TL 200.152) were past due but not impaired. The Group does not foresee any collection risk for these overdue receivables due to sector dynamics and circumstances.

As of 31 December 2012, the Group has letters of guarantee, guarantee notes, guarantee cheques and mortgages amounting to TL 230.616 (31 December 2011: TL 197.388) related to trade receivables amounting to TL 894.297 (31 December 2011: TL 813.179).

The guarantees received for the total trade receivables of the Group amounting to TL 894.297 as of 31 December 2012 (31 December 2011: TL 813.179) consist of bank guarantee letter amounting to TL 20.922 (31 December 2011: TL 3.169), bails and mortgages amounting to TL 201.363 (31 December 2011: TL 182.872) and cheques and bonds amounting to TL 8.331 (31 December 2011: TL 11.347). Bank guarantee letter amounting to TL 3.620, bails and mortgages amounting to TL 18.544, cheques and bonds amounting to TL 4.330 (31 December 2011: bank guarantee letter amounting to TL 420, bails and mortgages amounting to TL 8.939, cheques and bonds amounting to TL 8.099 and receivable insurance amounting to TL 2.327) (Note 32).

#### Short-term trade payables

	31 Decemer 2012	31 December 2011
Trade payables	372.624	446.043
Notes payable	6.659	3.071
Other	288	284
Less: deferred financial expense due to purchase with maturity	(2.053)	(4.401)
	<b>377.518</b>	<b>444.997</b>

The average maturity of not over due trade payables is between 30 to 80 days as of 31 December 2012 (31 December 2011: 30-53 days).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 10 – OTHER RECEIVABLES

	31 December 2012	31 December 2011
<b>Other short-term receivables</b>		
Notes receivable <sup>(1) (2) (3)</sup>	417.212	29.916
Deposits and guarantees given	1.583	4.722
Other miscellaneous receivables	1.986	220
	<b>420.781</b>	<b>34.858</b>
<b>Other long-term receivables</b>		
Notes receivable <sup>(1) (2) (3) (4)</sup>	100.013	398.210
TEIAS power transmission line receivables <sup>(5)</sup>	28.997	17.156
Deposits and guarantees given	2.317	1.598
Other miscellaneous receivables	-	41
	<b>131.327</b>	<b>417.005</b>

<sup>(1)</sup> TL 26.681 (31 December 2011: TL 29.916) of short-term notes receivables and TL 32.318 (31 December 2011: TL 63.908) of long-term notes receivables are composed from the sales of shares of Bağımsız Gazeteciler shares and all Milliyet brand, royalties and internet domain names to DK Gazetecilik ve Yayıncılık A.Ş. at 2 May 2011. Notes are presented at amortized cost. The discount amount is TL 734 at 31 December 2012 (31 December 2011: TL 985).

<sup>(2)</sup> Excluding the accrued interest, TL 313.738 (USD 176 million) of long term notes receivables as of 31 December 2012 (31 December 2011: TL 332.446) consists of the receivables from Doğuş Yayın Grubu regarding the sale of shares of Işıl Televizyonculuk Yayıncılık A.Ş. (Star TV) as of 3 November, 2011. 3,58% of annual interest rate is applied to the related amount. TL 2.874 of interest accrual is recognized in short-term notes receivables regarding this receivable as of 31 December 2012. The maturity of the receivable is 2 November 2013. Doğuş Holding A.Ş. has become the guarantor for the related receivable.

<sup>(3)</sup> Hürriyet, a subsidiary of the Group, sold the properties that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, İstanbul to Nurol Gayrimenkul Yatırım Ortaklığı in consideration of USD 127.500 (TL 225.994), excluding late interest. USD 17.500 of the consideration was paid in cash and the remaining portion which amounts to USD 110.000 is payable in 32 equal installments as of 6 March 2012 by applying 3,5% interest rate for the remaining installment portions. As of 31 December 2012, USD 41.250 (TL 73.619) of the related consideration is recognized as short-term notes receivables and cheques and USD 34.375 (TL 61.277) is recognized as long term notes receivables and cheques in the accompanying consolidated financial statements. Interest amount that is collectible in relation to principal amount is USD 6.396. USD 3.031 (TL 5.372) of the related amount, excluding VAT, has been collected and is recognized as finance income in the accompanying financial statements in the current period. Interest accrual calculated by using the effective interest rate in the current period amounts to USD 217 (TL 387) and is recognized as short-term notes receivables and cheques and finance income in the accompanying financial statements.

<sup>(4)</sup> Long-term notes receivables amounting to TL 4.456 consists of notes receivables from the other shareholders of Nakkaştepe Gayrimenkul.

<sup>(5)</sup> The amount consists of the receivables of Akdeniz Elektrik and Galata Elektrik from the power transmission line of TEİAŞ.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 10 – OTHER RECEIVABLES (continued)

	31 December 2012	31 December 2011
<b>Other Short Term Payables</b>		
Taxes and funds payable	63.793	58.996
Advances received	7.617	6.152
Due to personnel	16.881	16.419
Deposits and guarantees received	9.814	55
Other short term payables	4.111	8.285
	<b>102.216</b>	<b>89.907</b>

	31 December 2012	31 December 2011
<b>Other Long Term Payables</b>		
Due to Devlet Su İşleri ("DSİ") <sup>(1)</sup>	40.077	27.774
Deposits and guarantees received	13.032	19.759
Other long term payables	2.613	1.697
Advances received (Note 25) <sup>(2)</sup>	-	47.222
	<b>55.722</b>	<b>96.452</b>

<sup>(1)</sup> Boyabat Dam and Hydroelectric Power Plant construction was initiated in 1991 by DSİ. Boyabat took over the construction investments made up until that date and the right to use water with the agreement of Water Usage Rights signed on 25 November 2007 with DSİ. Contract value has been determined as TL 91.862 (TL 30.314 with parent company effective share) at contract date, according to the agreement it will be increased by PPI each year. The estimated PPI is the expected PPI indices released by the Central Bank of the Republic of Turkey and it is updated as necessary throughout the year. Repayments will start after 5 years of the effective date of switchboard is made in 10 equal installments. This obligation to DSİ, 6.50% (2011: 10.6%) is at amortized cost using the effective interest rate of the financial statements 31 December 2012 TL 121,446 (TL 40,077 with effective ownership share) (2011: TL 27,774) the present value of the amount shown . 1 January to 31 December 2012 period of TL 34,089 (TL 11,249 with effective ownership share) amounting to interest expense (1 January 2011-31 December 2011: TL 6,034) to ongoing investments, TL 3,193 (TL 1,054 with effective ownership share) was added to the amount of operating expenses and interest expense.

<sup>(2)</sup> As of 31 December 2011, TL 47.222 (USD 25.000) in the total advances received amount is the advance received for the joint venture agreement of Eko TV signed between Doğan TV Holding and Turner Broadcasting System International Inc. ("Turner") at 17 July 2007. Within the scope of this agreement, Doğan TV Holding has granted a call option to Turner for the 25% of the shares of Eko TV until the year 2017. The call option could only be exercised when RTSC regulation permits the transfer of the shares. In accordance with the amendment to the Law no: 6112 "Establishment and Broadcasting Services of Radio and Television Companies" published in the official Gazette on March 3, 2011, this option has become available and exercisable to Turner. As of 14 June 2012, Doğan TV Holding and Turner's joint venture agreement is terminated and the related option is not exercised. Therefore, USD 25.000 (TL 45.767) recognized as advances received in the 31 December 2011 financial statements is recognized under other operating income in the current period (Note 25). Following the termination of the agreement, the Group has purchased 19,98% participation of Eko TV in consideration of TL 4.331 (Note 3).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 11-INVENTORIES

#### Short term inventories

	31 December 2012	31 December 2011
Raw materials and supplies <sup>(1)</sup>	139.653	130.423
Finished goods and merchandise	78.963	108.626
Semi-finished goods	11.419	9.148
Promotion stocks	9.907	8.130
Other	2.710	3.163
	<b>242.652</b>	<b>259.490</b>
Less: provision for impairment on inventories	(6.823)	(6.386)
	<b>235.829</b>	<b>253.104</b>

<sup>(1)</sup> Amounting to TL 32.341 of trade goods (31 December 2011: TL 44.759) consist of stocks related to housing projects carried out by Milpa, the subsidiary, as of December 31, 2012.

Depreciation and amortization expense as of December 31, 2012 TL 387 (31 December 2011: TL 486) respectively, is reflected in stocks

The promotion stocks comprise books, cd, dvd and electronic training materials sold together with newspapers. Evaluation of impairment on promotion stocks and in detection of an impairment; evaluation of the impairment amount is carried out by the Group management. In this manner, an inventory impairment amount is set with the rates determined by the management by taking the purchase date into consideration.

Provision for diminution in value of inventories at December 31, 2012 and for the year ended 31 December 2011 are as follows:

	2012	2011
1 January	(6.386)	(8.923)
Current period charge from continued operations (Note 25)	(3.813)	(1.665)
Reversal provisions from discontinued operations	-	1.582
Reversal of provision on impairment inventories	3.376	2.620
<b>31 December</b>	<b>(6.823)</b>	<b>(6.386)</b>

#### Long term inventories

	31 December 2012	31 December 2012
Trade goods <sup>(1)</sup>	-	18.096
	-	<b>18.096</b>

<sup>(1)</sup> Long term inventories comprises completely from of Milpa, subsidiary of the Group, Milpark Konut Projesi except stage 1. and included its related cost. Termination agreement was signed on 16 May 2012 after the owner of the land in question were expensed merchandise (Note 25).

### NOTE 12 – BIOLOGICAL ASSETS

The Group's subsidiary Doğan Organik amount of biological assets as at 31 December 2012 amounted to TL 208. (31 December 2011: 74 TL).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOT 13-INVESTMENT PROPERTY

The movements in investment property during the periods ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Additions	Disposals	Transfers	Gain/ (loss) arising from change in fair value	31 December 2012
Land and land improvements <sup>(1)</sup>	112.913	115.399	-	6.236	9.140	243.688
Buildings <sup>(2)</sup>	78.125	33.664	(24.623)	3.250	2.121	92.537

**Net book value** **191.038** **336.225**

	1 January 2011	Additions	Disposals	Transfers	Gain/ (loss) arising from change in fair value	31 December 2012
Land and land improvements	101.403	7.190	-	-	4.320	112.913
Buildings	74.075	25.239	(20.386)	-	(803)	78.125
<b>Net book value</b>	<b>175.478</b>					<b>191.038</b>

(1) Additions in 2012, TL 56.970 amount from Nakkaştepe Gayrimenkul, TL 41.259 amount from Kandilli Gayrimenkul about acquisition of real estate.

With the decision taken by the Group management as a result of the assessment, decided to present their investment properties from fair value amounts which were presented from their cost values less any accumulated depreciation and any accumulated impairment losses, if any, in the prior period consolidated financial statements (Note 2.1.6). In this context, investment properties of the Group at 31 December 2012, 31 December 2011 and 31 December 2010, are valued under the Capital Markets Law.

The group has rent income amounting to TL 3.660 from investment properties (31 December 2011: TL 4.314). Direct operating costs in the current period resulting from investment property is TL 1.277 (31 December 2011: TL 492). There is no collateral or mortgage on investment properties of the Group as of 31 December 2012.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOT 13-INVESTMENT PROPERTY (continued)

<sup>(2)</sup> 19 shops, 6.067 m2 with an area belongs to Veneris Project which was built by Milpa is followed as inventory accounts until 31 December 2012. In accordance with the agreement signed under the authority given on lease for a period of 10 years and in this context "investment property" is classified as at fair value TL 6.236.

	Cost	Accumulated depreciation	Net book value prior to transfer <sup>(1)</sup>	Investment property revaluation reserve	Base transfer value <sup>(2)</sup>
Buildings	3.210	(1.464)	1.746	1.504	3.250

<sup>(1)</sup> If an owner-occupied property becomes an investment property that will be carried at fair value, IAS 16 is applied up to the date of change of use. Any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16. In this respect, the Group has recognized the difference between the net book value at the date of the transfer and the fair value amount in other comprehensive income. Current period depreciation charge of property, plant and equipment transferred to investment property is TL 733 (31 December 2011: TL 675) at the date of the transfer.

<sup>(2)</sup> Fair value of investment properties belonging to Group at the transfer date from property, plant and equipment is TL 3.250. Net book value prior to transfer is TL 1.746. Because the difference between the fair value and the carrying value at the date of transfer is treated as revaluation according to IAS 16, TL 1.504 is presented in other comprehensive income. Deferred tax liability calculated from the revaluation of investment property is TL 75. Net revaluation amount presented in other comprehensive income is TL 1.429. TL 1.334 of this amount is associated with parent company shares, TL 95 of this amount is associated with non-controlling interest shares.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOT 14-PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### a) Property, Plant and Equipment

Movement of the property, plant and equipment for the years ended as of 31 December 2012 and 2011 are as follows:

1 January	2012	Additions	Disposals	Disposal of Subsidiary	Transfers <sup>(2)</sup>	Currency translation difference	Addition of Subsidiary	Consolidation rate change <sup>(3)</sup>	31 December 2012
<b>Cost:</b>									
Land and land improvements	133.221	1.771	(20.933)	-	517.361	(552)	142	-	631.010
Buildings	148.096	776	(4.624)	-	(9.206)	(874)	3.063	18	137.249
Machinery and equipment	1.059.117	37.804	(160.113)	(277)	131.083	(2.677)	198.782	787	1.264.506
Motor vehicles	114.381	9.536	(19.243)	-	7	(132)	80	1	104.630
Furniture and fixtures	386.862	89.073	(99.312)	110	1.244	(325)	304	-	377.956
Leasehold improvements	98.401	30.614	(1.760)	(7)	-	427	-	-	127.675
Other	9.929	-	(382)	-	-	-	1	-	9.548
Construction in progress <sup>(1)</sup>	535.087	237.540	(8.238)	(-)	(632.219)	(148)	285	-	132.307
	<b>2.485.094</b>	<b>407.114</b>	<b>(314.605)</b>	<b>(174)</b>	<b>8.270</b>	<b>(4.281)</b>	<b>202.657</b>	<b>806</b>	<b>2.784.881</b>
<b>Accumulated depreciation:</b>									
Land and land improvements	4.778	1.300	(43)	-	52	-	-	-	6.087
Buildings	70.539	5.726	(540)	-	(3.627)	(285)	-	18	71.831
Machinery and equipment	838.126	49.093	(143.609)	(32)	-	(1.388)	-	788	742.978
Motor vehicles	70.136	10.162	(28.367)	-	-	(140)	-	-	51.791
Furniture and fixtures	232.479	47.468	(88.454)	(178)	-	(542)	-	1	190.774
Leasehold improvements	65.994	8.532	(2.986)	(8)	-	(66)	-	-	71.466
Other	981	1	(11)	-	-	-	-	-	971
	<b>1.283.033</b>	<b>122.282</b>	<b>(264.010)</b>	<b>(218)</b>	<b>(3.575)</b>	<b>(2.421)</b>	<b>-</b>	<b>807</b>	<b>1.135.898</b>
<b>Net book value</b>	<b>1.202.061</b>								<b>1.648.983</b>

<sup>(1)</sup> TL 134.906 of 237.540; additions in investments in progress (31 December 2011: TL 275.501), belongs to Boyabat Elektrik's, TL 38.373 (31 December 2011: TL 30.294) of it belongs to Aslancık Elektrik's investments in progress.

<sup>(2)</sup> Transfers, amounting to TL 515.226 from construction in progress to land and land arrangements, and TL 118.308 machinery and equipment, due to be operational of Boyabat Elektrik.

<sup>(3)</sup> Arrangement as previously consolidated joint ventures to be consolidated as a subsidiary of Eko TV arrangement (Note 3).



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 14-PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

#### a) Property, Plant and Equipment (continued)

There is mortgage amounting to TL 395,536 on the property, plant and equipment as of 31 December 2012 (31 December 2011: TL 420,254). The carrying amount of the property, plant and equipment of the Group acquired thorough finance leases as of 31 December 2012 is TL 49,592 (31 December 2011: TL 56,002) The accumulated depreciation as of 31 December 2012 is TL 28,885 (31 December 2011: TL 26,684).

Financial expenses monitored in costs consists of interest expense and fx loss which capitalized under construction in progress TL 46,554 (2011: TL 43,146).

	1 January 2011	Additions	Disposals	Discontinued operations <sup>(1)</sup>	Transfers	Currency translation difference	Impairment	Classified as asset held for sale	31 December 2011
Cost:									
Land and land improvements	143,958	217	-	-	-	1,347	(400)	(11,901)	133,221
Buildings	252,178	746	(2,807)	(154)	(3,679)	6,137	(3,447)	(100,878)	148,096
Machinery and equipment	1,080,622	41,715	(35,724)	(16,656)	1,005	8,728	(6,974)	(13,599)	1,059,117
Motor vehicles	107,530	13,547	(7,184)	(294)	6	776	-	-	114,381
Furniture and fixtures	311,951	92,114	(13,423)	(6,048)	(153)	2,515	-	(94)	386,862
Leasehold improvements	91,463	11,737	(2,177)	(4,003)	1,278	103	-	-	98,401
Other	9,547	384	(2)	-	-	-	-	-	9,929
Construction in progress	197,290	355,953	(448)	-	(17,770)	209	-	(147)	535,087
	<b>2,194,539</b>	<b>516,413</b>	<b>(61,765)</b>	<b>(27,155)</b>	<b>(19,313)</b>	<b>19,815</b>	<b>(10,821)</b>	<b>(126,619)</b>	<b>2,485,094</b>
Accumulated depreciation:									
Land and land improvements	4,749	347	-	-	-	-	-	(318)	4,778
Buildings	98,321	7,710	(200)	(149)	(2,676)	1,336	-	(33,803)	70,539
Machinery and equipment	820,072	61,973	(27,866)	(10,186)	-	5,849	-	(11,716)	838,126
Motorlu araçlar	58,953	16,437	(5,373)	(259)	-	378	-	-	70,136
Furniture and fixtures	214,115	29,233	(8,325)	(4,143)	-	1,693	-	(94)	232,479
Leasehold improvements	64,513	6,822	(1,941)	(3,500)	-	100	-	-	65,994
Other	970	11	-	-	-	-	-	-	981
	<b>1,261,693</b>	<b>122,533</b>	<b>(43,705)</b>	<b>(18,237)</b>	<b>(2,676)</b>	<b>9,356</b>	<b>-</b>	<b>(45,931)</b>	<b>1,283,033</b>
<b>Net book value</b>	<b>932,846</b>								<b>1,202,061</b>

<sup>1)</sup> Discontinued operations include the Group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand 2 May 2011 (Not 28).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 14-PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

#### b) Intangible assets

1 January	2012	Additions	Disposals	Disposal of Subsidiary	Transfers	Currency translation difference	Disposal of Subsidiary	Consolidation rate difference <sup>(1)</sup>	31 December 2012
<b>Cost:</b>									
Customer list	309,421	-	-	-	-	884	-	-	310,305
Brand name	297,085	-	-	-	-	(1,650)	-	-	295,435
Terrestrial broadcasting permission licence	-	-	-	-	-	-	-	-	-
Electricity generation licence	-	-	-	-	-	-	355,044	-	355,044
Other	423,297	63,389	(4,337)	(33)	1,537	(4,773)	64	886	480,030
	<b>1,029,803</b>	<b>63,389</b>	<b>(4,337)</b>	<b>(33)</b>	<b>1,537</b>	<b>(5,539)</b>	<b>355,108</b>	<b>886</b>	<b>1,440,814</b>
<b>Accumulated depreciation:</b>									
Customer list	88,939	18,564	-	-	-	689	-	-	108,192
Brand name	17,732	1,439	-	-	-	29	-	-	19,200
Electricity generation licence	-	-	-	-	-	-	4,611	-	4,611
Other	260,202	32,767	(5,627)	(25)	-	(906)	25	796	287,232
	<b>366,873</b>	<b>52,770</b>	<b>(5,627)</b>	<b>(25)</b>	<b>-</b>	<b>(188)</b>	<b>4,636</b>	<b>796</b>	<b>419,235</b>
Television programme rights <sup>(3)</sup>	64,296								56,988
<b>Net book value</b>	<b>727,226</b>								<b>1,078,567</b>

<sup>(1)</sup> The Group has completed the share purchase transaction for the 19,98% shares of Eko TV which was journalized as joint venture as of 31 December 2011 as of 6 September 2012 and the Company has been included as subsidiary in the accompanying financial statements as of this date

The movements of the television programme rights during the periods ended 31 December 2012 and 2011 are as follows:

1 January 2012	Additions	Discontinued operations	Amortization <sup>(1)</sup>	Currency translation difference	Provision for impairment of programme rights	31 December 2012
64,296	29,520	-	(34,949)	(11)	(1,868)	56,988
Television programme rights						

<sup>(1)</sup> TL 6,893 of depreciation and amortization amount derived from the sale of Star TV of the Group on 3 November 2011 is recognized under the discontinued operations account on the financial statements for the years ended 31 December 2011.

TL 387 (2011:TL 486) of depreciation and amortization amount of tangible and intangible assets has reflected to inventories and TL 19 has accounted under construction in progress.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 14-PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

#### a) Intangible assets (continued)

	2011	Additions	Disposals	Discontinued operations <sup>(1)</sup>	Transfers	Currency translation difference	Impairment <sup>(2)</sup>	31 December 2011
<b>Cost:</b>								
Customer List	269.732	-	-	-	-	39.689	-	309.421
Brand name	400.848	2	-	(136.766)	2	42.156	(9.157)	297.085
Terrestrial broadcasting permission licence	80.906	-	-	(57.406)	-	-	(23.500)	-
Other	373.424	29.307	(4.825)	(2.709)	7.211	20.889	-	423.297
	<b>1.124.910</b>	<b>29.309</b>	<b>(4.825)</b>	<b>(196.881)</b>	<b>7.213</b>	<b>102.734</b>	<b>(32.657)</b>	<b>1.029.803</b>
<b>Accumulated depreciation:</b>								
Customer List	61.625	17.882	-	-	-	9.432	-	88.939
Brand name	15.524	1.418	-	(30.806)	-	789	-	(13.075)
Other	260.574	30.985	(4.448)	(2.330)	(116)	6.344	-	291.009
	<b>337.723</b>	<b>50.285</b>	<b>(4.448)</b>	<b>(33.136)</b>	<b>(116)</b>	<b>16.565</b>	<b>-</b>	<b>366.873</b>
Television programme rights	72.148							64.296
<b>Net book value</b>	<b>859.335</b>							<b>727.226</b>

The movements of the television programme rights during the periods ended 31 December 2012 and 2011 are as follows:

	1 January 2011	Additions	Discontinued operations	Amortization	Currency translation difference	Impairment	31 December 2011
Television programme rights	72.148	52.295	(3.401)	(59.398)	5.226	(2.574)	64.296

(1) Discontinued operations include the Group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand, royalties and internet domain names on 2 May 2011 and sales of shares of Star TV on 3 November 2011 to Doğuş Yayın Grubu.

(2) As explained in Note 2, Hürriyet, one of the subsidiaries of the Group has reviewed the fair values of its intangible assets and booked provision for impairment amounting to TL 9.157 at 31 December 2011. Doğan TV Holding, one of the subsidiaries of the Group, has booked a provision of TL 23.500 in the current period for the broadcasting license of CNN Turk by taking into consideration the effects of the new RTSC Law No: 6112 and the related communiqué and regulations regarding the distribution of terrestrial broadcasting licences considering the redistribution of these licenses by giving priority to the license owners (Note 25).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 14-PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

#### b) Intangible assets (continued)

##### Intangible assets with indefinite useful lives

As at 31 December 2012, the Group has decided that brand names with carrying value of TL 269.360 have indefinite useful lives (31 December 2011: TL 282.379) (Note 2). The utilization period of brand names with indefinite useful lives, as expected by the Group, is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

### NOTE 15-GOODWILL

The movements in goodwill during the periods ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	539.951	896.653
Currency translation difference	(576)	32.059
Impairment <sup>(1)</sup>	(21.278)	(103.895)
Discontinued operations (Note 28) <sup>(2) (3)</sup>	-	(286.682)
Other <sup>(4)</sup>	860	1.816
<b>31 December</b>	<b>518.957</b>	<b>539.951</b>

<sup>(1)</sup> As of 31 December 2012, TL 18.106 of the global goodwill impairment is related with the acquisition of subsidiaries operating in Russia and TL 3.172 is related with the difference in the measurement of goodwill related to the acquisition of Eko TV shares previously accounted as joint venture. (31 December 2011: TL 92.526 of the global goodwill impairment is related with the acquisition of subsidiaries operating in Russia, TL 11.332 is related with the goodwill of acquisition of Doğan Ofset and TL 37 is related with the goodwill of acquisition of Doğan Egmont..

<sup>(2)</sup> 99,99% of its shareholding in the Group's subsidiary, Bağımsız Gazeteciler, was disposed of on 2 May 2011. TL 47.757 of goodwill arising from the acquisition of Bağımsız Gazeteciler is derecognized from the financial statements (Note 28).

<sup>(3)</sup> 99,99% of its shareholding in the Group's subsidiary, Işıl TV, was disposed of on 3 November 2011. TL 238.925 of goodwill arising from the acquisition of Işıl TV is derecognized from the financial statements (Note 28).

<sup>(4)</sup> Other relates to the changes in fair value of put options.

#### Goodwill impairment testing

The Group has performed goodwill impairment analysis for the periods ended 31 December 2012 and 2011 as explained in detail below:

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 (budgeted interest, tax, depreciation and amortization, provision for impairment and gross margin before other non-operating expenses) have a significant role in these calculations.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 15 – GOODWILL (Continued)

The cash flow projections of publishing and broadcasting segments have been prepared covering the years of 2013-2017.

The assumptions used in the value in use calculations are as below:

	EBITDA margin <sup>(1)</sup>	Discount rate <sup>(2)</sup>
Broadcasting	%30,20	%14,00
Publishing		
Russia and Commonwealth of Independent States <sup>(3)</sup>	%18,80	%11,80
Turkey	%15,50	%14,60

<sup>(1)</sup> Weighted average of EBITDA of projected cash flows following the budget period

<sup>(2)</sup> Weighted average cost of capital

<sup>(3)</sup> Group Management has booked a provision for impairment on goodwill amounting to TL 18.106 regarding the acquisition of subsidiaries operating in Russia. (Group Management has booked a provision for impairment on goodwill and property, plant and equipment amounting to TL 103.895 and TL 9.157 (TL 113.052 in total) , respectively in its consolidated financial statements for the period ended 31 December 2011 (Note 13,14).

### NOTE 16-GOVERNMENT GRANTS

- Group obtained six investment incentives certificate for the imported equipments amounting to USD 13.661 and domestic equipments amounting to TL 1.280 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT. The investments amounting to USD 13.450 for imported equipments and TL 1.280 for domestic equipments are realized within these certificates as of 31 December 2012 (31 December 2011: None).
- Ditaş, a subsidiary of the Group, benefits from the tax and insurance premium incentive under the scope of law 5084 Investment and Employment Promotion and Amending some laws. In this context, the incentive of the insurance premium amounting to TL 718 (2011: TL 603 ) is reflected in the financial statements as income from other operations.
- Ditaş obtained incentive certificate at 27 January 2011 from Turkish Treasury of Incentive Executive General Directorate for making the investment amounting TL 9.589 for the modernization of machinery racecourse to increase production capacity. Within the context of incentive certificate 60% tax deduction, 20% investment contribution rate and VAT exemption, custom tax exemption and interest support will be provided for 3 years with insurance Premium employer share support. The date of completion is 21 December 2013.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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

#### Short-term provisions

	31 December 2012	31 December 2011
Provision for withholding tax	-	22.130
Provision for lawsuits	29.427	21.957
Other	1.459	6
	<b>30.886</b>	<b>44.093</b>

Provisions for withholding taxes of 31 December 2012 and for the periods ended 31 December 2011 are as follows:

	2012	2011
1 January	(22.130)	(28.089)
Additions in current period (Note 25)	-	(1.751)
Payments related to provisions	22.130	7.710
<b>31 December</b>	<b>-</b>	<b>(22.130)</b>

Tax penalty provision, for the period ended 31 December 2011 are as follows:

	2012	2011
1 January	-	(33.522)
Provisions reversed earlier (Not 25)	-	4.977
Payments related to provisions	-	28.545
<b>31 December</b>	<b>-</b>	<b>-</b>

Provisions for lawsuits for the periods ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	(21.957)	(27.386)
Acquisition of subsidiaries	(325)	-
Additions in current period (Note 25)	(12.986)	(7.380)
Payments related to provisions	3.663	8.078
Provisions reversed earlier	2.178	4.731
<b>31 December</b>	<b>(29.427)</b>	<b>(21.957)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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) Law Cases:

The details of litigations against Group are amount of TL 82.571 (31 December 2011: TL 78.999)

	31 December 2012	31 December 2011
Legal cases	59.717	54.987
Commercial cases	14.229	9.647
Business cases	6.574	7.936
Other	2.051	6.429
<b>Total</b>	<b>82.571</b>	<b>78.999</b>

A provision for lawsuits filed against the Group whose details are given above amounting to TL 29.427 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 2011: TL 21.957). Legal cases mainly consist of pecuniary and non-pecuniary damages and lawsuits filed against Doğan Yayın Holding and its subsidiaries and lawsuits initiated by the Radio and Television Supreme Council.

#### (b) Tax penalty and law suits:

##### ***The Group's decision on the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"***

The Group management plans to make use of the requirements set out in relation to "Undue and on Trial Tax Liabilities" and "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees" ("Law No: 6111"), which has become effective upon the issuance in the Official Gazette No: 27857 (I.Bis) on 25 February 2011. After the amount calculated on the basis of Law No: 6111 is paid in advance, the remaining portion which will be paid in 18 equal installments in 36 months, including the 9th installment is paid as of 28 September 2012. In this regard, the Group has no outstanding liability under the requirements of Law No: 6111. The amount of payment and expenses of the Group within the scope of Law No: 6111 are summarized below:

##### ***Undue and on trial tax liabilities in dispute***

Under the requirements of Law No. 6111, TL 37.430 portion of the related amount is paid in cash until 30 June 2011. In this scope, TL 423.588 portion of TL 886.772 of principal including interest is paid in 8 installments, and the remaining portion (TL 463.184) is paid including the 9th installments. TL 58.013 (31 December 2011: TL 38.595, 31 December 2012: TL 19.418) of total interest payment is made regarding "undue and on trial tax liabilities in dispute" paid in installments. The Group has made a total payment of TL 924.202 including interest regarding its "undue and on trial tax liabilities in dispute" in accordance with Law No: 6111 and the Group has no outstanding liability in this regard.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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) Tax penalty and law suits (continued)*

##### *Tax base increase*

Under the requirements of law no: 6111, TL 66.040 portion is paid in cash until 30 June 2011. In this scope, TL 15.063 portion of TL 31.534 which will be paid in 18 installments in 36 months is paid in 8 installments, and the remaining portion (TL 16.471) is paid including the 9th month installments. TL 2.069 (31 December 2011: TL 1.372, 31 December 2012: TL 697) of total interest payment is made regarding tax base increase paid in installments. The Group has made a total payment of TL 97.574 including interest regarding its "tax base increase" in accordance with Law No: 6111 and the Group has no outstanding liability in this regard.

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

Doğan Yayın Holding sold 90.854.185 shares ("Axel shares"), 25% of the share capital of Doğan TV Holding, to Commerz-Film GmbH (formerly registered as Dreiundvierzigste Media Vermögensverwaltungsgesellschaft mbH), a 100% subsidiary of Axel Springer AG, for EUR 375.000 (TL 694.312, this amount is defined as "initial sales price") on 2 January 2007. In accordance with the Share Sale Agreement ("Agreement") that the initial sales price will be revised based on whether the "initial public offering" ("IPO") of the shares of Doğan TV Holding or not.

Dates for the reassessment of the original selling price as set out in the agreement signed by Doğan Holding, Doğan Yayın Holding, Doğan TV Holding and Commerz-Film GmbH on 19 November 2009 have been postponed for a maximum period of 6 years without being subject to any condition. The related agreement dated 19 November 2009, was amended by a new agreement (Amendment agreement) signed with Doğan Holding, Doğan Yayın Holding, Doğan TV Holding, Commerz-Film GmbH and Hauptstadtsee 809. V V GmbH at 31 October 2011.

The below conditions set out in the agreement signed on 19 November 2009 are applicable as of 19 February 2010.

- In the agreement dated November 19, 2009, Axel Springer Group has sale options for 3,3% of its shares in Doğan TV Holding amounting to EUR 50.000 subsequent to January 2013 and the other 3,3% of its shares amounting to EUR 50.000 subsequent to January 2014 to Doğan Holding and Doğan Holding has the commitment to purchase these shares ("DTV Put Option I"). Axel Springer Group may exercise the sale options fully or partially. Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. Under the amendment agreement dated 31 October 2011, existing "DTV Put Option I" terms are revised and accordingly, the related terms require the put options exercisable for the periods subsequent to January 2013 and January 2014 in consideration of EUR 50.000 to cover only 33.843.238 shares in each period. The Amendment also allows Axel Springer another put option exercisable for 34.183.593 shares for the period subsequent to 2015 in consideration of EUR 50.000. As of 31 January 2013, Doğan Holding acquired 33.843.238 shares (which equals 2,48844% of first tier paid in capital in consideration of EUR 50.000 as stated above) with TL 1 of nominal value in consideration of EUR 61.572 in total.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### *(c) Commitments and contingent liabilities related to the share acquisition agreement with Commerz-Film GmbH (continued)*

- According to the agreement dated 19 November 2009, Axel Springer Group has option to sell some or all of "Axel shares" with the higher of EUR 4,1275 (exact) per share or a fair value to be determined by specific valuation techniques to Doğan Holding and Doğan Holding has a commitment to purchase these shares ("DTV Put Option II"). Payables will include interests' payments of annual combined 12 months Euro Libor plus 100 base points as of 2 January 2007. In order to exercise this option, the following conditions must be met.

- Doğan TV Holding shares should not be offered to the public by 30 June 2017,
- There should be direct or indirect control change over Doğan Holding, Doğan Yayın Holding or Doğan TV Holding,
- There should be pledges or sequestration on the Doğan Yayın Holding's assets that have significant unfavorable effects on the operations of Doğan Yayın Holding in addition to the existing ones.

This time, with the amendment agreement dated 31 October 2011, EUR 4,1275 (exact) per share is updated as EUR 1,46269 (exact) because of the increase in the share capital of Doğan TV Holding.

As per the Amendment Agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as at 10 February 2012. In addition, a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares were given in the same period to be used as of January 2015.

EUR 375.000, which is defined above as the initial sale price, can be amended based on the circumstances explained below. Under the agreement, the "initial sale price" will be determined based on the IPO or non-IPO option of Axel shares.

In the event that "Axel shares" are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is less than the amount of which will be calculated by adding interest over the original selling price (it will be remeasured using a 12 month Euro Libor rates on annual compound basis effective from 2 January 2007) to the original selling price, both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group.

In the event that "Axel Shares" are offered to public by 30 June 2017 and if quarterly share value of "Axel Shares" in average subsequent to public offering is higher than the original selling price, both the difference resulting from the quarterly share value of "Axel Shares" in average subsequent to public offering and the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined Euro Libor plus 100 base points as of 2 January 2007) to the original selling price would be equally shared between the Axel Springer Group and Doğan Yayın Holding.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### *(c) Commitments and contingent liabilities related to the share acquisition agreement with Commerz-Film GmbH (continued)*

In the event that "Axel Shares" are not offered to public by 30 June 2017 and if the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, is less than the amount of which will be calculated by adding interest over the original selling price (as measured by using an annual combined Euro Libor plus 100 base points as of 2 January 2007) to the original selling price, both the fair value of Doğan TV Holding, which will be calculated by using certain valuation techniques as at 31 December 2015, and the difference of the original selling price and the amount calculated by adding interest over the difference would be paid by Doğan Yayın Holding to the Axel Springer Group. If Doğan TV Holding's shares are not listed by the end of 30 June 2017, the fair value based on the above-mentioned techniques would be reassessed, payments would be made to the Axel Springer Group in accordance with the related calculations, and Axel Springer Group's call option of its entire or some portion of "Axel shares" to Doğan Holding and Doğan Holding's put option for the related shares would continue to be in effect.

In the event that Axel Springer group shares are offered to the public between 30 June 2017 and 30 June 2020, any positive difference between the initial public offering value and the initial sales price remeasured as of 31 December 2015 (it will be remeasured using the annual Euro Libor rates on annual compound basis starting from 2 January 2007) including interest calculated from the difference (it will be calculated using the annual Euro Libor rates on annual compound basis effective from 1 July 2017) will be apportioned equally, whereas no transaction will take place for any negative difference.

In accordance with the agreement signed on 19 November 2009, Doğan Yayın Holding shall make a TL cash capital increase in Doğan TV Holding that corresponds to EUR 385.000, and as a result of the capital increase, Doğan TV Holding shares owned by Commerz-Film GmbH shall be diluted to 19,9% from 25%. In January 2010 and May 2010, the premium capital increase of Doğan TV Holding, was completed in two steps. As a result of the capital increase, the shares of Doğan Yayın Holding and Commerz-Film GmbH at Doğan TV Holding A.Ş. were 79,71% and 19,9% respectively

For the above matter, Doğan Yayın Holding has determined the fair value of Doğan TV Holding as of 31 December 2012 in order to identify whether it will assume any future financial liability. In accordance with the fair value calculation, there are not any financial liabilities arising from the share acquisition, which represents 19,9% of Doğan TV Holding's capital, by the Axel Springer Group.

The Group is also responsible for any unprovisioned liability arising from tax assessments prior to the closing date of sale agreement as required in the Axel share acquisition and transfer "Agreement". The effect of liability arising from Law no: 6111 in regards to Doğan TV Holding over the share value is compensated in proportion to the share capital to Commerz-Film GmbH. In this content, the payment made to Commerz-Film GmbH amounts to TL 165.523. The related payment has been made on 17 August 2011. Accordingly, Commerz-Film GmbH has participated in the capital increase of Doğan TV Holding from TL 456.554 to TL 1.288.328 through the usage of nominal values in the new share acquisition rights in the share of participation at nominal value. The capital increase has been registered on August 17, 2011. The share interest of Commerz-Film GmbH in Doğan TV Holding (19,9%) have remained still after the capital increase.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### (c) Commitments and contingent liabilities related to the share acquisition agreement with Commerz-Film GmbH (continued)

Accordingly, the Group has indemnified TL 165,523 of liability arising from Doğan TV Holding and its subsidiaries' undue and on trial tax liabilities in dispute under Law No: 6111 which represents the portion corresponding to Axel Springer Group's current ownership percentage (19,9%). The related liability portion is not recognized under the non-controlling interests account in the consolidated financial statements prepared as of 31 December 2011.

The Group's commitment to purchase a total of EUR 150,000 in respect of IAS 32 "Financial Instruments: Disclosure and Presentation", a portion of the liability in the Group's own equity instead of cash, regardless of ability to pay the amount on the balance sheet at amortized over the estimated value of the financial be submitted as a liability. In this respect, as of December 31, 2012 "DTV Option I" covered liabilities in the accompanying consolidated balance sheet at amortized amount of TL 433,806 (31 December 2011: TL 434,962). The said amount is TL 144,642 (31 December 2011: nil) part of the "short-term financial liabilities", and TL 289,164 (31 December 2011: TL 434,962) amounting to a "long-term financial liabilities are presented as" (Note 8).

#### (d) Put Options:

##### OOO Pronto Moscow Opsiyonu

In January 2007, OOO Pronto Moscow, a subsidiary of Hürriyet, a subsidiary of the Group, acquired the majority shares of Impress Media Marketing LLC ("Impress Media"). Accordingly, the Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders without a time constraint, provided that certain conditions are met. The Group has purchased shares as of 25 May, 2012 regarding non-controlling share of 10% by making a payment of TL 970 (USD 528) and the related liability is settled accordingly (31 December 2011: TL 1,097). Group still has the option to purchase the remaining 3% share in the capital of Impress Media. The fair value of the option is determined based on calculation over Impress Media EBITDA and as of 31 December 2012, the short-term portion of the fair value of the put option is TL 154 and is recognized under short-term financial liabilities account (31 December 2011: TL 108).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

(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)

##### (d) Put Options: (continued)

###### *Oglasnik d.o.o. Opsiyonu*

Hürriyet, a subsidiary of the Group, has granted a put option, on the 30% shares outstanding during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o in Croatia. Discussions concerning the use of this option as of the reporting date of these financial statements are still ongoing. As of 31 December 2012, the fair value of the option is calculated as TL 14.261 (USD 8.000) based on various valuation techniques and assumptions and classified in "Other short-term financial liabilities" (31 December 2011: TL 15.111 (USD 8.000). There is a dispute on the protocol between the contract parties and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A lawsuit has been filed against the Group amounting to EUR 3.645 by the non-controlling interest shareholders regarding the fact that they couldn't exercise put option. Subpoena related to the lawsuit has been submitted to the Group on March 5, 2012 and the first trial of the lawsuit was held on 12 July 2012.

###### *Moje Delo Option*

Hürriyet, a subsidiary of the Group, has acquired a 55% share in Moje Delo d.o.o. ("Moje Delo") in Slovenia, in 2007. The Group has granted a put option to the selling shareholders on the shares exercisable from April 2013 to October 2013 (6 months). The result of total consideration to be calculated cannot be less than EUR 1.000. If the outcome of the calculation were to be less than the specified amount, the Group would make a payment of EUR 1.000. Group has also call option right for the non-controlling shares on hand from the non-controlling shareholders which is effective from October 2013. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TL 3.792 as of 31 December 2012 (31 December 2011: TL 2.899) and classified in "Other short-term financial liabilities"(Note 8).

###### *TME Option*

The Company has no liabilities in relation to the disputed put option of USD 25.000, which was disclosed in the 31 December 2011 financial statements of Hürriyet, a subsidiary of the Group, and subject to appeal of arbitration before the Zurich Chamber of Commerce because the Company has been notified that the other party has sold the disputed GDR's to another entity as at 21 March 2012 and the other party has also withdrawn its appeal of arbitration (31 December 2011: TL 47.223) (Note 8). The related transaction has an effect of TL 23.370 of increase in the equity attributable to equity holders of the Parent Company and the related amount is recognized under equity in the financial statements as transactions of shareholders are considered as shareholder transactions in accordance with Paragraph 109 of IAS 1 "Presentation of Financial Statements".

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### (d) Put Options: (continued)

##### *TME purchase of additional shares*

The Group has acquired 6,98% shares corresponding to 3.490.691 (exact) Global Depository Certificates of Trader Media East Limited in consideration of USD 26.250 in accordance with the valuation report issued by an independent valuation company as of 7 March 2012. The related transaction has an effect of TL 28.609 of decrease in the equity attributable to equity holders of the Parent Company and the related amount is recognized under equity in the financial statements as transactions of shareholders are considered as shareholder transactions in accordance with Paragraph 109 of IAS 1 "Presentation of Financial Statements".

#### (e) Improvements at the Competition Authority:

Upon the Competitive Board's notification issued on 17 September 2009, Doğan Yayın Holding, Hürriyet, Doğan Gazetecilik, Bağımsız Gazetecilik and Doğan Daily News were informed that they are subject to an investigation in order to determine whether these companies have violated any provisions of Law 4054 in relation to "Advertisement area sales" in the print media. The Group has made an objection to the initial response session of the ongoing investigation claiming that Doğan Yayın Holding's operations are not in the form of "Advertisement area sales" in the printed media and Doğan Daily News is not an operating company.

Based on the investigation undertaken by the Competition Authority as of 5 April 2011, Hürriyet, Doğan Gazetecilik and Bağımsız Gazetecilik are charged with an administrative penalty fee of TL 3.805, TL 2.316 and TL 444, respectively. On the other hand, the Authority did not charge any administrative penalty for Doğan Daily News (a dormant company) and Doğan Yayın Holding, to avoid imposing multiple charges. The Group has provided a total of TL 4.923 of provision in relation to the charges in the accompanying financial statements. The total amount consists of TL 2.853 of provision for Hürriyet and TL 2.070 of provision for Doğan Gazetecilik and Bağımsız Gazetecilik. For the annulment of this decision, a lawsuit has been filed before the council of state.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 17-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

#### (f) Other

##### **Milpa:**

##### *The Land of Ömerli*

The land owned by Milpa, a subsidiary of the Group, located in Kurtdoğmuş village, Pendik district, İstanbul province, classified as investment property in the consolidated financial statements, 144.266 m2 of the land was removed from forestry land with a court decision taken in 2005. The Forestry Directorate appealed the decision at the 20th Chamber of the High Court and the objection was accepted on 24 June 2008 and these decisions (removing from forestry land) are sent to the Pendik Court of First Instance for re-evaluation. The Court reiterated its initial decision on 8 October 2009. The Ministry of Forestry appealed the Court's decision and the related case file was re-sent to the Civil Department No: 20 of the Court of Appeal and re-transferred to the Pendik Court of First Instance Aforesaid Court follows the Supreme Court 20th Civil Chamber's reversal decision and has postponed the trial date to 7 May 2013 with the purpose of re-exploration and evaluation of Forestry Ministry's claims

With the 1/100.000 scale environmental plan released on 17 July 2009, the related land was classified as a habitat and recreation area. Milpa appealed this plan with the İstanbul Metropolitan Municipality within the legal deadline and is waiting for related responses. In case of an adverse decision taken by the İstanbul Metropolitan Municipality against Milpa, legal proceedings will be taken contrary to decision.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(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)

#### (f) Other (continued)

##### **Petrol Ofisi A.Ş.:**

Under the agreement entered into with the Group (The "Company"/"Vendor") and OMV (The "Buyer") in regards to the share transfer of POAŞ on 22 December 2010, the Company may be required to assume some of the certain liabilities which may arise from the following conditions set out briefly subsequent to the share transfer:

"Except for any losses and/or tax payables of the Buyer and/or any Group companies arising from any claims made by any authorities in regards to events or conditions occurred subsequent to the closing date and any statements and warranties in regards to restricted property rights and Vendor conditions, each contract party agrees and commits to indemnify any losses, damages and liabilities (Losses) arising from the violation of any statements and warranties and assume any losses, damages and liabilities (Losses) of the contract party that is exposed to such breach within 3 years of time. The Vendor commits to pay an indemnity that will not exceed USD 175.000.000 (exact)– 54,14% of the related Losses and/or Tax payables- to the Buyer for any losses and/or tax payables of the Vendor and/or any Group companies arising from any restrictions of a Group company or any claims made by any authorities against a Group company in regards to events or conditions occurred subsequent to the closing date, except for any losses derived from negligence or any violations of statements and warranties in regards to restricted property rights and Vendor conditions. The related liability is terminated after the occurrence of other conditions unless the Buyer files an application in writing to the Vendor within 6 (six) weeks following the notification of the Authority's definite and unappealable verdict to the Buyer/Group Company. Except for any claims based on unrecognized liabilities as of signing date derived prior to third party signatures, the Vendor shall not undertake any third party claims."

As a result of POAŞ's decision on making use of the tax base increase requirements set out in Law No: 6111, tax base increase amount attributable to 2008 and 2009 of the consideration made by POAŞ is assumed by the Group in proportion to the Group's issued capital under the contract terms summarized above and TL 12.432 was paid to OMV accordingly on 14 July 2011. The related amount is recognized as other expenses in the consolidated financial statements prepared for the period ended as of 31 December 2011.

As the result of POAŞ decided to benefit from the arbitrament related to tax liabilities in dispute under Law No: 6111, the tax penalty amount which belongs to year 2003 and paid by POAŞ, is referred to the Group by the share proportion owned by the Group at this date ,according to the agreement specified above. USD 2.012 equivalent of TL 3.285, is paid to OMV on 29 June 2011.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 18 – COMMITMENTS

Collaterals, pledges and mortgages (CPM) given by the Group at 31 December 2012 and 31 December 2011 is as follows

	31 December 2012				31 December 2011					
	TL Equivalent	TL	USD	EUR	Other	TL Equivalent	TL	USD	EUR	Other
A. CPMs given in the name of its own legal personality										
Guarantees <sup>(1)</sup>	489,551	71,739	29,124	155,229	2,709	135,093	111,380	7,717	3,332	2,575
Pledge <sup>(2)(5)</sup>	226,354	226,354	-	-	-	226,354	226,354	-	-	-
Mortgage <sup>(3)</sup>	395,536	-	213,312	6,500	-	420,254	404,369	-	6,500	-
B. CPMs given on behalf of the fully consolidated companies <sup>1</sup>										
Guarantees <sup>(1)(4)</sup>	3,417,325	175,080	1,429,350	288,031	8,710	3,034,844	132,409	1,422,200	88,404	-
Pledge <sup>(5)</sup>	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
C. CPMs given on behalf of third parties for ordinary course of business										
Guarantees	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
D. Total amount of other CPMs given	-	-	-	-	-	-	-	-	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPMs given on behalf of third parties which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,528,766</b>					<b>3,816,545</b>				

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

<sup>(2)</sup> As the details are explained in Note 8, 11,3% (226,354,060 (exact) shares) of Doğan Yayın Holding shares, 13,3% (73,200,000 (exact) shares) of Hürriyet shares, 49% (24,500,000 (exact) shares) of Kanal D shares, 67,3% (33,649,091 shares) of TME shares, 33% (6,996,000 exact) shares) of Boyabat Elektrik, 33,33% (15,000,000 (exact) shares) of Aslanlık Elektrik shares, %100 (8,000 (exact) shares) of Akdeniz , %100 ( 68,700 (full) shares) of Galata Wind and %100 (141,500,000 (exact) shares) of Nakkaştepe Elektrik have been given as pledges to financial institutions due to Group's long term financial liabilities and have not been included to the above table 11,3% shares of Doğan Yayın Holding (226,354,060 (exact)), 13,3% shares of Hürriyet (73,200,000 (exact) shares) have been taken back with the usage of the above-mentioned "call" option right and selling 22% of shares of Doğan Gazetecilik 22% in consideration for USD 12,232,323 U.S. to Doğan Yayın Holding. In addition, 67,3% shares of TME (33,649,091 (exact) shares) has been repurchased as a result of full payment of participation loan borrowed as at 4 January 2013 in relation to the acquisition of TME

<sup>(3)</sup> There is a mortgage amounting to TL 380,250 given to financial institutions in return for credit received for Group's joint venture Aslanlık Elektrik's hydro energy production facility which is planned to be located in Giresun's Doğankent district (31 December 2011: TL 402,925). Besides, there is a mortgage amounting to TL 15,286 over the tangible fixed assets of Group's subsidiary Hürriyet as of 31 December 2012 (31 December 2011: TL 17,329).

<sup>(4)</sup> It is about long term project financing loan amounting to USD 750,000 which has been obtained qua joint and several guarantor with other shareholder groups (Note 4), within the scope of Boyabat Elektrik's hydroelectric power plant Project that is scheduled to be completed until the end of 2012. As of 31 December 2012, Boyabat Elektrik used USD 746,333 amounting loan portion provided (31 December 2011: USD 674,333). Doğan Holding has bail amounting to USD 45,309 given to credit institutions within the scope of Aslanlık Elektrik's hydroelectric power plant construction that is planned to be completed in 2013 (31 December 2011: USD 24,354).

<sup>(5)</sup> 100% shares of D Yapım (1,124,682,616 (exact) shares), of Doğan Prodüksiyon (1,087,582,624 (exact) shares) and of Alp Görsel (1,068,595,605 (exact) shares) all of which are owned by Doğan TV and 43 properties belonging to third parties and a bank letter of guarantee are given as guarantees to the Tax Offices; and they are not included to the above table in the prior year. Under the requirements of law no: 6111, Group has paid all its liabilities and applied to the related tax authorities for the return of guarantees mentioned above and the guarantees have been taken back in October 2012

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 18-COMMITMENTS (Continued)

#### a) Letters of guarantees and guarantee notes given (continued):

Other CPM given by the Group to equity ratio is 0,0% as of 31 December 2012 (31 December 2011: 0,0%). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 December 2012		31 December 2011	
	Original Currency	TL equivalent	Original currency	TL equivalent
Letters of guarantees-EUR	230.622	542.354	37.431	91.474
Letters of guarantees-TL	73.193	73.193	114.529	114.529
Letters of guarantees-USD	29.940	53.371	14.099	26.632
Letters of guarantees-Other	2.709	843	2.575	995
Guarantee notes-TL	25.750	25.750	204	204
Guarantee notes-EUR	782	1.839	25	61
Guarantee notes – USD	134.960	240.580	-	-
<b>Total</b>		<b>937.930</b>		<b>233.895</b>

Doğan TV Holding, one of the subsidiaries of Doğan Yayın Holding, has given letters of guarantees amounting to EUR 72.000 to UEFA (Union Européenne de Football Association or Union of European Football Associations) in 2008 for broadcasting rights of UEFA Champions League, UEFA Super Cup and UEFA Cup games for the period 2012-2015.

As mentioned Note 17, as per the Amendment Agreement dated 31 October 2011, the Axel Springer Group has also requested two guarantee letters amounting to EUR 50.000 each in order to guarantee the liabilities of Doğan Holding under the "DTV Put Option I". Two guarantee letters amounting to EUR 50.000 were given by Doğan Holding as at 10 February 2012. In addition, a third guarantee letter amounting to EUR 50.000 in consideration of 34.183.593 shares were given in the same period to be used as of January 2015.

#### (b) Guarantees and mortgages given

The details of guarantees of Doğan Holding and its shareholders' given for the borrowings and trade payables of the Group companies and related parties as of 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012		31 December 2011	
	Original Currency	TL equivalent	Original Currency	TL equivalent
Bails-EUR	211.856	498.223	54.280	132.649
Bails-USD	1.293.573	2.305.923	1.415.817	2.674.337
Bails-TL	147.875	147.875	129.056	129.056
Bails-CHF	8.634	16.925	-	-
Mortgages-EUR	6.500	15.286	6.500	15.885
Mortgages-USD	213.312	380.250	-	-
Mortgages-TL	-	-	404.369	404.369
<b>Total</b>		<b>3.364.482</b>		<b>3.356.296</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 18-COMMITMENTS (Continued)

#### (c) Barter agreements

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

As of 31 December 2012, the Group has a commitment for the publication of advertisements amounting to TL 34.677 (31 December 2011: TL 22.130) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 12.825 (31 December 2011: TL 18.567) in exchange of the goods or services sold.

### NOTE 19-PROVISION FOR EMPLOYMENT BENEFITS

	31 December 2012	31 December 2011
<b>Non-Current Provisions</b>		
Provision for employment termination benefits	98.377	49.311
	<b>98.377</b>	<b>49.311</b>

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 or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 December 2012 the amount payable maximum equals to one month of salary is TL 3.033,98 (exact) (31 December 2011: TL 2.731,85 (exact)) for each year of service.

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

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 Doğan Yayın Holding and its subsidiaries, joint ventures and associates registered in Turkey. CMB's Financial Reporting Standards require developments on the actuarial valuation methods to estimate the Group's employee termination benefit liability under defined benefit plans. Accordingly, the following actuarial assumptions were used in accordance with the report prepared by the actuarial firm in the calculation of the total provision

- Discount rate of 7,69% (31 December 2011: 10,01%), inflation rate of 4,98% (31 December 2011: 5,10%) and rate of increase in real wages of 4,98% is considered in the calculation.
- The calculation is made based on the maximum salary rate of TL 3.033,98 effective as of 31 December 2012 (31 December 2011: TL 2.731,85)
- Age of retirement is based on the minimum retirement age.
- CSO 1980 mortality table is used for male and female mortality rates.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 19-PROVISION FOR EMPLOYMENT BENEFITS (Continued)

The movements in the provision for employment termination benefits for the periods ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
1 January	(49.311)	(46.895)
Current period service cost from continued operations	(6.071)	(15.312)
Payments during the period from continued operations	13.135	9.499
Net interest expense regarding defined benefit plan	(4.895)	(2.137)
Deficit related to payments/ decrease in benefits/lay off	(3.991)	-
Current period service cost from discontinued operations	-	(6.179)
Reversal of provisions for discontinued operations	-	11.816
Actuarial loss	(47.244)	(103)
<b>31 December</b>	<b>(98.377)</b>	<b>(49.311)</b>

Total costs excluding the actuarial loss regarding employment benefits are presented in consolidated statement of income prepared as of 31 December 2012. As explained in Note 2.1.6, actuarial loss amounting to TL 47.244, is presented in other comprehensive income as of 31 December 2012. Total costs regarding employment benefits as of 31 December 2011 are presented in consolidated statement of income as explained in note 2.1.7 .

### NOTE 20-OTHER ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
<b>Other current assets</b>		
Blocked deposits <sup>(1)</sup>	214.809	79.564
Value Added Tax ("VAT") receivable	48.816	35.309
Prepaid expenses	27.377	21.322
Advances given	20.606	20.545
Prepaid taxes	19.229	8.640
Work advances	12.122	5.347
Personnel advances	9.732	13.894
Income accruals	6.707	4.687
Programme stocks	9.120	63.198
Tax receivables	-	515
Other	7.950	17.303
	<b>376.468</b>	<b>270.324</b>
Provision for impairment for programme stocks (Note 25)	(1.081)	(1.081)
Other provision for doubtful receivables	(747)	(833)
	<b>374.640</b>	<b>268.410</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 20-OTHER ASSETS AND LIABILITIES (continued)

	31 December 2012	31 December 2011
<b>Other non-current assets</b>		
Long term restricted deposits <sup>(2)</sup>	17	132.425
Blocked deposits <sup>(1)</sup>	235.458	-
Value Added Tax ("VAT") receivables	199.708	167.805
Advances given and prepayments <sup>(3) (4) (5)</sup>	27.076	62.657
Prepaid expenses	7.000	5.217
Deposits and guarantees given	140	22
Other	6.255	5.803
	<b>475.654</b>	<b>373.929</b>

- <sup>(1)</sup> As of 31 December 2012, Doğan Holding's time deposit amounting to USD 25.500 (TL: 45.456) and USD 25.000 (TL: 44.565) has been blocked to be guarantee for the loans used by Mozaik and Hürriyet (As of 31 December 2011, Doğan Holding's USD 25.000 (TL: 47.223) and USD 15.000 (TL: 29.728) were blocked to be guarantee for the loans used by Hürriyet and Mozaik, respectively.) As of 31 December 2012 Doğan Holding's time deposit amounting 70.000 USD (TL 124.782) has been blocked to be guarantee for the loans used by TME and Mozaik and accounted under other current assets. Short term time deposits of Akdeniz and Galata amounting TL 5 and TL 122 accounted under other current assets.
- <sup>(2)</sup> Within the scope of 28 February 2012 dated modification agreement signed between the Company and Commerz-Film GmbH and Hauptstadtsee 809. V GmbH, time deposit amounting to EUR 100.000 (TL :235.170) has been blocked to be guarantee regarding Doğan TV Holding shares' purchase option (As of 31 December 2011, Doğan Holding's time deposit amounting to USD 70.000 (TL 132.223) has been blocked to be guarantee for the loans used by TME.) (Note 8). Additionally, long term blocked deposits of Çelik Halat and Doğan Yayın Holding amounting TL 288 accounted under other non current assets. (31 December 2011: Çelik Halat TL 202)
- <sup>(3)</sup> Advances given and prepayments amounting to TL 20.439 (31 December 2011: TL 31.980) consist of prepayments made by Doğan TV Holding, one of the subsidiaries of Doğan Yayın Holding, for UEFA (Union Européenne de Football Association or Union of European Football Associations) Champions League qualifying games and UEFA Cup qualifying games of certain Spor Toto Super League teams between 2008 and 2020. In accordance with the agreements, prepayments made for the related games will be refunded to Doğan TV Holding in the cancellation of games.
- <sup>(4)</sup> TL 3.180 (31 December 2011: TL 3.180) of the advances given and prepayments includes the expenses caused by the landowners and advances given to the landowners who passed their shares of the real estate Project in the land of Ömerli by Milpa which is a subsidiary of the Group for the part of the proceeds. %25 of the revenues of the project which Milpa is planning to develop, about the houses and offices will be committed and set-off to the landowners revenue-sharing or flat received from contractor for landownership by the proportion of their shares.
- <sup>(5)</sup> TL 3.244 (31 December 2011: TL 18.844) of advances and prepayments are advances given for Group's joint ventures Boyabat Elektrik and Aslançık Elektrik's fixed asset purchase.

#### Other Current Liabilities

	31 December 2012	31 December 2011
Deferred Revenue	30.564	45.909
Provision for unused vacation liability	37.065	33.351
Expense accruals	19.950	17.264
Provision for broadcasted programmes	1.076	3.306
Arbitration Liability (1)	-	22.412
Provision for tax liability in dispute regarding 6111 law (Note 17)	-	264.484
Tax base increase liability regarding 6111 law (Note 17)	-	9.405
Other	6	36
	<b>88.661</b>	<b>396.167</b>



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 20-OTHER ASSETS AND LIABILITIES (continued)

The movements in the provision for unused vacation for the periods ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	(33.351)	(27.497)
Additions in the current period	(10.110)	(18.327)
Effect of joint ventures	(610)	-
Additions in the current period from discontinued operations	-	(617)
Reversal of provisions in the current period from discontinued operations	-	3.742
Payments related with provisions	7.015	9.664
Currency translation difference	(9)	(316)

<b>31 December</b>	<b>(37.065)</b>	<b>(33.351)</b>
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### Other non-current liabilities

	31 December 2012	31 December 2011
Deferred income	12.364	592
Tax liability in dispute regarding 6111 law	-	391.076
Tax base increase liability regarding 6111 law	-	13.907
Other	139	8
	<b>12.503</b>	<b>405.583</b>

- <sup>(1)</sup> Arbitration procedure regarding Doğan Holding's subsidiary Dış Ticaret Bankası A.Ş.'s total 277.828.946.000 (exact) shares representing 62,6% of its capital that continues in the presence of Zurich Chamber of Commerce which is related to payment of tax debt to Fortisbank accrued in the period before the share transfer and emerged after the 4 July 2005 dated share transfer to Fortisbank was finalized against the Company. As of 31 December 2011, the Group was recorded the effect of TL 22.412 into events after the balance sheet date and this amount has been followed in "other current liabilities" and "other operating expenses" accounts.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 21-EQUITY

Doğan Holding adopted the registered paid-in capital system available to companies registered with the CMB and set a limit on its registered paid-in capital representing registered type shares with a nominal value of TL 1 Doğan Holding's authorized, historical and paid-in share capitals at 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Limit on registered capital	4.000.000	4.000.000
Issued capital	2.450.000	2.450.000

There are no privileged shares of Doğan Holding.

The ultimate shareholder of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner ve Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity at 31 December 2012 and 31 December 2011 are as follows:

Shareholder	Share %	31 December 2012	Share %	31 December 2011
Adilbey Holding A.Ş.	52,68	1.290.679	52,68	1.290.679
Doğan Family <sup>(1)</sup>	14,48	354.664	13,94	341.597
Publicly traded on Borsa İstanbul <sup>(2)</sup>	32,84	804.657	33,38	817.724
<b>Issued capital</b>	<b>100</b>	<b>2.450.000</b>	<b>100</b>	<b>2.450.000</b>

Adjustment to issued capital 143.526 143.526

<b>Total</b>		<b>2.593.526</b>		<b>2.593.526</b>
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<sup>(1)</sup> Doğan Family's share has increased to 14,48% (TL 354.664) as a result of purchasing 13.067.534 shares from ISE on 17 January 2012, 18 January 2012, 20 January 2012, 13 April 2012, 16 April 2012 and 30 April 2012.

<sup>(2)</sup> In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 31,97 % of the shares (31 December 2011: 32,46%) are outstanding as of 30 September 2012 based on the Central Registry Agency's ("CRA") records. 34,29% of Doğan Holding's shares are publicly available.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### **NOTE 21 – EQUITY (Continued)**

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

#### **Restricted Reserves Assorted From Profit**

Restricted Reserves Assorted From Profit are appropriated from retained earnings because of legal or contractual requirements; or because of specified purposes other than profit distribution (for example: in order to utilize the tax advantage of sales of equity participations).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's issued capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the issued capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of issued capital. The afore-mentioned amounts shall be classified in "Restricted Reserves" in accordance with the CMB's Financial Reporting Standards.

#### **Investment Property Revaluation Reserves**

Real estates recognized as property, plant and equipment in prior periods, due to changes in usage patterns can be transferred to investment property. The Group has reclassified some of its investment properties in the year 2012 as investment property in this regard and presented them from fair value method. Accordingly, fair value at the first transfer amounting to TL 1.334 is recognized under revaluation surplus fund in the shareholders equity.

#### **Capital Reserves and Retained Earnings**

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity. All equity inflation adjustments are only available for bonus shares or loss deduction; and carrying value of extraordinary reserves are only available for cash profit distribution or loss deduction.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 21 – EQUITY (Continued)

#### *Capital Reserves and Retained Earnings (continued)*

In accordance with the Communiqué No:XI-29 and related announcements of the CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the application of the requirements set out in the communiqué (such as, inflation adjustment differences) shall be disclosed as follows:

- if the difference is due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital, it should be classified under "Inflation Adjustment To Share Capital";
- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Other equity items are carried at the amounts valued in accordance with CMB's Financial Reporting Standards. Capital adjustment differences can only be included to capital.

#### *Financial assets fair value reserves*

Financial assets fair value reserve is derived from unrealised gains and losses arising from net changes in fair value of securities classified as available – for – sale with deferred tax effect.

#### *Dividend Distribution*

If the Company decides to distribute dividends regarding the decision of general assembly of public companies, the distribution of the relevant amount may be realized as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends are required to distribute the first amount in cash. . The Assembly Resolution issued on 9 January 2009 requires the disclosure of total amount of other reserves, which can be included in dividend and net profit after deducting legal accumulated losses in the notes to the publicly disclosed financial statements prepared in accordance with the requirements of Communiqué XI-No. 29.

At the ordinary general assembly of the of Doğan Holding at 27 June 2012, it is concluded that;

- Under the requirements of the CMB's Communiqué Serial:XI, No.29, based on the audited consolidated financial statements prepared for the period 1 January 2011 – 31 December 2011 in accordance with IAS and IFRS, the Group's "Net Loss for the Period" is calculated as TL 1.091.033, considering its "current period tax expense", "deferred tax expense" and "non-controlling interests". Therefore, the Group has decided not to distribute any profits for the period 1 January 2011 – 31 December 2011 based on the CMB's profit distribution requirements and the related matter would be submitted to the approval of the General Assembly.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 21-EQUITY (continued)

#### Dividend Distribution (continued)

- In 1 January 2011-31 December 2011 financial records kept under Turkish Commercial Code ("TCC") and Tax Procedural Law, TL 445.889 "profit for the period" has been detected; in accordance with TCC 466/1 article, "I. legal reserve" amounting to TL 22.294 has been decided to be allocated over the "profit for the period" and remaining amount TL 423.595 to be transferred to "extraordinary reserve".

The CMB's requires the disclosure of total amount of net profit remaining portion from retained earnings in the statutory records and other resources which may be subject to distribution in the financial statements prepared in accordance with Communiqué Serial XI, No: 29. The Company's gross amount of resources that may be subject to the profit distribution based on the statutory records amounts to TL 1.512.314. The shareholders equity of Doğan Holding is as below:

	31 December 2012	31 December 2011
Share capital	2.450.000	2.450.000
Adjustment to share capital	143.526	143.526
Share premium	2.362	2.362
Increase in fair value of available for sale financial assets, net	2.092	(4.056)
Translation reserve	53.688	67.538
Restricted reserves assorted from profit	1.204.043	1.181.749
- Legal reserves	124.163	101.869
- Gain on sale of equity participations	1.079.880	1.079.880
Gains on revaluation of investment property	1.002	-
Retained earnings/loss	(831.377)	(17.517)
Net income/(loss) for the period	155.671	(753.735)
<b>Total shareholders' equity</b>	<b>3.181.007</b>	<b>3.069.867</b>

### NOTE 22- SALES AND COST OF SALES

	2012	2011
Domestic Sales	3.087.937	2.868.024
Foreign Sales	495.969	479.883
Sales returns	(367.080)	(342.934)
Sales discount	(60.302)	(144.295)
<b>Net sales</b>	<b>3.156.524</b>	<b>2.860.678</b>
Cost of sales (-)	(2.211.509)	(2.060.810)
<b>Gross Profit</b>	<b>945.015</b>	<b>799.868</b>

#### Sales income and cost of sales

The details of operating revenue for the years ended 31 December 2012 and 2011 are disclosed in Note 5-Segment Reporting.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 23-RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	2012	2011
Selling, marketing and distribution expenses	411.229	381.169
General administrative expenses	409.553	394.371
<b>Operating expenses</b>	<b>820.782</b>	<b>775.540</b>

#### NOTE 24-EXPENSES BY NATURE

The details of cost of sales, marketing, selling and distribution expenses and general administrative expenses for the year ended as at 31 December 2012 and 2011 are as follows:

	2012	2011
Personnel expenses	629.099	613.304
Cost of trade goods sold	768.800	689.747
General production overhead	366.250	313.706
Raw material and supplies	334.080	331.235
Depreciation expenses <sup>(1)(2)</sup> (Note 14)	209.595	216.827
Advertisement expenses	84.041	91.916
Rent expenses	72.502	46.017
Transportation, storage and travel expenses	62.631	50.821
Expenses related to telecommunication services	43.861	77.186
Consulting expenses	50.475	31.657
Promotion expenses	22.182	26.308
Satellite usage fees	23.784	20.450
Radio and television supreme council <sup>(3)</sup>	17.701	19.042
Communication expenses	14.514	11.071
Dealers and commission expenses	5.825	37.729
Miscellaneous tax expenses	10.086	10.102
Tamir ve bakım giderleri	2.904	2.948
Non-deductible expenses	371	8.795
Agency commission expenses	19.389	20.406
Other	294.201	217.083
	<b>3.032.291</b>	<b>2.836.350</b>

(1) As of 31 December 2012, TL 387 (31 December 2011: TL 486) of depreciation and amortization expenses and, redemption is reflected in stocks TL 19 amount is accounted under investment property.

(2) TL 1.696 of depreciation and amortization expenses derived from the subsidiary shares of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011 is recognized under the discontinued operations account on 31 December 2011 financials. TL 13.207 of depreciation and amortization expenses of television programme rights derived from the subsidiary and brand disposal of Işıl Televizyon Yayıncılık A.Ş. (Star TV) on 3 November 2011 is recognized under the discontinued operations account on 30 September 2011 financials.

(3) 3% of monthly gross commercial communication income, excluding programme support income, of media service providers are classified as Supreme Council income in accordance with Article 41 (ç) of the "Establishment and Broadcasting of Radio and Television Companies" Law, which was published in the Official Gazette No: 27863 on 3 March 2011. Accordingly, 5% of commercial income that was previously retained as per the revoked Law No: 3984, has been decreased to 3% with the effect of the new requirement

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 25-OTHER OPERATING INCOME/EXPENSES

	2012	2011
<b>Other operating income:</b>		
Gain on sales of property, plant and equipment and intangible assets <sup>(1)(5)</sup>	185.521	7.269
Annulment indemnity of put option agreement of Turner <sup>(2)</sup> (Not 10)	45.767	-
Terminated provisions	38.997	39.712
Revenue from the corporate income tax return <sup>(3)</sup>	19.788	-
Appreciation on investment property	11.895	7.418
Rent income	3.802	4.314
Gain on sale of subsidiary shares	2.436	2.019
Reversal of provision of tax penalties (Not 17)	-	4.977
Gain on sales of asset held for sale <sup>(4)</sup>	-	11.278
Usage of vat discount (Not 2.3.1 b)	2.069	405
Other	31.285	22.157
	<b>341.560</b>	<b>99.549</b>

<sup>(1)</sup> TL 142.905 of the total amount consists of the sale of land including Hürriyet building at 27 January 2012. TL 142.905 consists of the sale of Hürriyet building in the current period (Note 31), TL 1.217 consists of the sale of printing centers of Pronto Moscow (Note 31), TL 28.099 consists of the sale of land in Esenyurt of the Group. Based on Group management decision, Corporate tax law article 5-1/e exempted portion (75%) of total gain recorded to legal records for the amount of TL 126.235 on sale of Hürriyet building and land in Esenyurt, is not subjected to profit distribution of the period 1 January 2012 – 31 December 2012 in accordance with Tax Legislation, Capital market Board regulations and other related regulations and recorded under a special funds in liability accounts.

<sup>(2)</sup> As of 31 December 2011, TL 47.222 (USD 25.000) in the total advances received amount is the advance received for the joint venture agreement of Eko TV signed between Doğan TV Holding and Turner Broadcasting System International Inc. ("Turner") at 17 July 2007. Within the scope of this agreement, Doğan TV Holding has granted a call option to Turner for the 25% of the shares of Eko TV until the year 2017. In accordance with the amendment to the Law no: 6112 "Establishment and Broadcasting Services of Radio and Television Companies" published in the official Gazette on March 3, 2011, this option has become available and exercisable to Turner. As of 14 June 2012, Doğan TV Holding and Turner's joint venture agreement is terminated and the related option is not exercised. Therefore, USD 25.000 recognized as advances received in the 31 December 2011 financial statements (30 September 2012: TL 45.767) is recognized under other operating income in the current period.

<sup>(3)</sup> Tax for Company's dividend income from OMV Petrol Ofisi A.Ş. amounting TL 395.699 was paid in April 2011 after reservation. Opened legal case on İstanbul 5.th Tax court and numbered 2011/1229 based on exception in corporate tax of dividend income from related parties on tax court result in favor of the Company, dated 6 July 2012 and numbered 2012/1789. After the result of tax court decision, overcharged corporate tax amounting TL 19.785 has been collected on 2 August 2012 from the Company.

<sup>(4)</sup> Profit generates from the sales of its shares in Ray Sigorta, one of the available for sale financial assets of Group.

<sup>(5)</sup> TL 480 of gain on sale of property, plant and equipments is reclassified to discontinued operations as of 31 December 2011.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 25-OTHER OPERATING INCOME/EXPENSES (Continued)

	2012	2011
<b>Other operating expense:</b>		
Provision for doubtful receivables (Note 9) <sup>(2)(5)</sup>	(40.344)	(32.018)
Expenses associated with withdrawal from 2. and 3. stages of Milpark Project <sup>(1)</sup>	(25.110)	-
Impairment of goodwill (Note 15)	(21.278)	(103.895)
Loss on sale of property, plant and equipment <sup>(6)</sup>	(18.355)	(7.475)
Provision for lawsuits (Note 17)	(12.986)	(7.380)
Donations	(9.246)	(4.856)
Other penalties and compensations paid	(4.913)	(4.420)
Provision for impairment on inventory (Note 11)	(3.813)	(1.665)
Provision for impairment of programme rights and stocks (Note 14)	(1.868)	(3.655)
Expense of inventory count differences	(1.252)	(279)
Decrease in fair value of investment property	(634)	(603)
Tax base increase <sup>(3)(4)</sup>		
regarding 6111 law	-	(89.560)
Tax liability in dispute <sup>(4)</sup>	-	(844.993)
Competition authority penalty	-	(4.923)
Withholding tax provision (Note 17)	-	(1.751)
Impairment of property, plant and equipment and intangible assets (Note 14)	-	(24.597)
Impairment on terrestrial broadcasting rights <sup>(7)</sup>	-	(23.500)
Provision for arbitrator liability	-	(22.412)
Tax base increase	-	-
Other	(15.369)	(35.421)
	<b>(155.168)</b>	<b>(1.213.403)</b>

<sup>(1)</sup> Group's subsidiary Milpa has decided to abandon the construction of 2nd and 3rd stages of "Milpark Project" by taking into consideration of excess housing supply in the region and pricing risk and additional financial burden. As result of this decision, "Termination Agreement" dated on 16 May 2012 was signed between Milpa and the land owner ("Proprietor") by providing mutual agreement. In accordance with the "Termination Agreement", expenses amounting to TL 25,049 which is related with independent sections transferred free of charge to the landowner are detailed below:

Construction cost which related with 2. And 3. Section (which was recognized in long term inventory account as of 31 December 2011)	18.096
Cost of 1.001 m2 independent section which is transferred to land owner	1.505
VAT cost of invoices performed for landowner	4.094
Dues, real estate expense related with transferred independent sections	1.371
Expense of fixed assets used in Milpark sales offices	44
	<b>25.110</b>

<sup>(2)</sup> Provision for doubtful trade receivables amounting to TL 3.626 reclassified to discontinued operations.

<sup>(3)</sup> TL 5.950 of tax base increase expense is recognized under the discontinued operations as of 31 December 2011.

<sup>(4)</sup> Tax liability in dispute is shown net of TL 21.196 amount of reversal of provisions for the previous years' tax lawsuits.

<sup>(5)</sup> (5) The provision amount calculated for trade receivables transferred with the closing balance sheet in relation to the sale of Işıl TV as at 3 November is TL 3.375. This amount is measured at the net received amount and associated with the profit/loss on sale.

<sup>(6)</sup> TL 3.385 of loss on sale of property, plant and equipment is recognized under discontinued operations as of 31 December 2011.

<sup>(7)</sup> Doğan TV Holding, one of the subsidiaries of the Group, has booked an impairment of TL 23.500 as of 31 December 2011 for the broadcasting license of CNN Turk by taking into consideration the effects of the new RTSC Law No: 6112 and communicate and regulations regarding the distribution of terrestrial broadcasting licences related with this law and taking into consideration redistribution of these licenses by giving priority to the license owners.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 26-FINANCIAL INCOME

Financial income for the periods ended as at 31 December 2012 and 2011 are as follows:

	2012	2011
Foreign exchange gain	205.502	697.752
Deferred finance expense and credit finance income due to purchase with maturity <sup>(1)</sup>	57.885	51.338
Interest income		
- Interest income on bank deposits <sup>(2)</sup>	167.540	199.391
- Interest income on securities	141	-
Other interest and commissions	32.860	23.595
	<b>463.928</b>	<b>972.076</b>

<sup>(1)</sup> TL 6.170 of finance income from purchase with maturity is recognized under discontinued operations at 31 December 2011.

<sup>(2)</sup> TL 43 of interest income on bank deposits is recognized under discontinued operations at 31 December 2011.

### NOTE 27-FINANCIAL EXPENSE

Financial expense for the periods ended as at 31 December 2012 and 2011 is as follows:

	2012	2011
Foreign exchange loss	(253.818)	(541.917)
Interest expenses		
- Interest expense on bank borrowings <sup>(2)</sup>	(98.607)	(120.295)
- Tax liability in dispute finance expense regarding 6111 law (Not 17) <sup>(1)</sup>	(19.418)	(38.595)
Tax base increase finance expense regarding 6111 law (Not 17)	(697)	(1.372)
Deferred finance income and credit finance expense due to sales with maturity <sup>(3)</sup>	(17.378)	(17.554)
Bank commission expenses	(19.748)	(10.197)
Other	(40.918)	(40.512)
	<b>(450.584)</b>	<b>(770.442)</b>

<sup>(1)</sup> As of 28 September 2012, The Group has paid the total remaining liability which has been paid in every two months from 1 June 2011 including the 9th installments. During the payment, with the recalculation made by the tax office earned interest deduction is netted-off against finance expenses during the year. TL 25.896 of interest is netted-off against tax liability in dispute finance expense and TL 915 is netted-off against tax base increase finance expense from current period interest expense.

<sup>(2)</sup> TL 1.729 of interest expense on bank borrowings is recognized under discontinued operations at 31 December 2011

<sup>(3)</sup> TL 4.745 deferred finance expense from purchases with maturity is recognized under discontinued operations at 31 December 2011.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The details of the disposal of subsidiaries and assets and disposal plans on the property, plant and equipment of the Group as of 31 December 2012 and 31 December 2011 are as follows:

#### *a) Transfer of Shares of Subsidiaries and Asset Sale*

The Group's filed application in relation to the transfer of all brands, royalties and internet domain names (milliyet.com.tr; milliyet.com; milliyetemlak.com.tr etc.) pertaining to the Milliyet Newspaper in consideration of USD 47.960 (TL 73.595) plus VAT and its 1.289.996 shares of Bağımsız Gazeteciler Yayıncılık A.Ş. with a nominal value of TL 100 each, comprising all brands, royalties and domain names pertaining to the Vatan Newspaper, in which it holds 99,99% participation amounting to TL 129.000 of capital in consideration of USD 26.000 (TL 39.897) to DK Gazetecilik ve Yayıncılık A.Ş., a joint venture company formed by Demirören and Karacan Group was approved by the Competition Authority on 28 April 2011 and the related transfer transactions were completed as of 2 May 2011 upon the satisfaction of all closing conditions.

The Group and DK Gazetecilik ve Yayıncılık A.Ş. have a mutual understanding of the following: transferring of all personnel related to all brands, royalties and internet domain names pertaining to the Milliyet Newspaper with all their rights; share transfer of Bağımsız Gazeteciler Yayıncılık A.Ş. as of the closing balance sheet date prepared on 2 May 2011 by offsetting any of its liabilities/encumbrances and any receivables; if such treatment is inapplicable, offsetting liabilities that cannot be recoverable from receivables against the share transfer consideration by the deduction of liabilities against the first installment payments, or if receivables are higher than liabilities, addition of difference amount between liabilities and receivables to the sale price; restricting the total liability that may arise from termination pay, retirement pay and leave of absence to 15% in the termination of employment contracts by DK Gazetecilik ve Yayıncılık A.Ş. and Bağımsız Gazeteciler Yayıncılık A.Ş. during the share transfer period. As a result of this mutual understanding, TL 3.577 and TL 1.765 of discount have been applied to the Milliyet Newspaper and Bağımsız Gazeteciler Yayıncılık A.Ş., respectively, over the sale price as the cost of termination of employment contracts. In addition, TL 3.269 of discount has been applied over the sale price of Bağımsız Gazeteciler Yayıncılık A.Ş. as a liability amount that cannot be recoverable from receivables.

The payment schedule will include TL 20.000 of advance payment at the sign date of the contract (20 April 2011), TL 20.000 of cash payment no later than 31 May 2011 and 40 monthly installments of the remaining portion starting from 2012. For installment payments in 2012, 2013, 2014 and 2015, as of closing date, Libor+2,5, Libor+3,5, Libor+4,5 and Libor+5,5 interest rate will be applied, respectively. Libor interest rate is applied for 6 months and this rate is calculated every six months and is determined on a fix rate basis for the following six-month period.

TL 20.000 of cash payment was made on 31 May 2011, less any discounts applied and closing balance sheet reconciliations mentioned above. The payment of the remaining USD 47.893 is received as 40 bonds and classified as USD 7.184 of short term bond and USD 40.709 of long term bond as of 2 May 2011.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

#### a) Transfer of Shares of Subsidiaries and Asset Sale (Continued)

Operating results and sale proceeds of subsidiaries up until disposal of Bağımsız Gazeteciler and all brands, royalties and internet domain names of Milliyet are detailed as follows:

	<b>30 April 2011</b>
Sales	49.426
Cost of Sales (-)	(37.149)
<b>Gross Profit</b>	<b>12.277</b>
Marketing, sales and distribution expenses (-)	(18.293)
General administration expenses (-)	(6.265)
Other operating expenses (net)	(2.629)
Financial expenses (net)	(797)
<b>Loss before income tax from discontinued operations</b>	<b>(15.707)</b>
<b>Tax (expense) from discontinued operations</b>	<b>(699)</b>
Current period tax charge	-
Deferred tax charge	(699)
<b>Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares</b>	<b>(16.406)</b>
Gain on sale of brand and subsidiary shares	16.589
Sales income tax (expense)	(6.541)
<b>Discontinued operations</b>	
Net (loss) from discontinued operations after income taxes	(6.358)

#### Cash used in discontinued operations:

	<b>30 April 2011</b>
Net cash used in operating activities	1.151
Net cash provided by investing activities	251
Net cash used in financing activities	(940)
<b>Net cash outflow</b>	<b>462</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

#### a) Transfer of Shares of Subsidiaries and Asset Sale (Continued)

30 April 2011

Amount received	93.655
Carrying value of net assets	(77.066)

**Sales income** **16.589**

#### Net Amount received from sale of brand and subsidiary shares

Cash and cash equivalents received	27.424
Notes receivables received	66.231
Less: Cash and cash equivalents of sold subsidiary	(187)

**93.468**

#### Net book value of assets disposed

30 April 2011

**Current assets** **4.516**

Cash and cash equivalents	187
Trade receivables	1.848
Inventories	1.345
Other current assets	1.136

**Non-current assets** **102.598**

Property, plant and equipment	1.128
Intangible assets	51.952
Goodwill (Note 15)	47.757
Investment property	159
Other non-current assets	1.602

**Current liabilities** **15.300**

Financial borrowings	3.252
Trade payables	3.708
Other taxes and funds payables	3.547
Provisions	159
Other current liabilities	4.634

**Non-current liabilities** **14.747**

Other payables	6
Provision for employee termination benefits	11.092
Deferred tax liability	3.649

**Net assets disposed of from scope of consolidation** **77.066**

**Gain from sale** **16.589**

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

#### a) Transfer of Shares of Subsidiaries and Asset Sale (continued)

##### Star TV Sale

391.500.000 shares of Işıl Televizyon Yayıncılık A.Ş. (Star TV), one of the subsidiaries of the Group, with a nominal value of TL 1 each, which represent 99,99% of capital amounting to TL 391.500 were sold to Doğuş Yayın Grubu in consideration of USD 327.000. USD 151.000 of the total amount has been paid in cash at the date of the completion of share sale and transfer subsequent to obtaining the required legal permits and approvals. The remaining amount of USD 176.000 will be payable as of 2 November 2013. Annual interest rate applicable for the related amount is 3,58 % and interest amounts are accrued at the end of each month. Total interest accrual for the related receivable amounts to USD 12.777 of which USD 5.811 of this balance has been collected and USD 1.610 (TL 2.874) is recognized as accrual as of 31 December 2012.

All income and expenses attributable to Işıl Televizyon Yayıncılık A.Ş. relate to the Group by 3 November 2011. The Group also made its best effort to keep a balance in between the receivable and payable accounts associated with Işıl Televizyon Yayıncılık A.Ş. as of 3 November 2011. If these accounts are imbalanced, parties acknowledge and commit to a deduction of payable amounts that cannot be compensated through receivables against the share transfer price or an addition of receivable-payable difference balance to the sale price where receivables exceed payables. Therefore, sale price is revised accordingly and TL 16.000 is added to the sale price. As of 31 December 2011, operating results and profit from the sale of shares of Işıl TV are presented below:

	<b>31 October 2011</b>
Sales	167.038
Cost of Sales (-)	(204.796)
<b>Gross loss</b>	<b>(37.758)</b>
General administrative expenses (-)	(39.319)
Other income	4.071
Other expenses	(6.792)
Financial income	16.539
Financial expenses	(13.417)
<b>Loss before income tax from discontinued operations</b>	<b>(76.676)</b>
<b>Tax (expense) income from discontinued operations</b>	<b>(3.718)</b>
Current period tax charge	-
Deferred tax (charge) benefit	(3.718)
<b>Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares</b>	<b>(80.394)</b>
Gain on sale of subsidiary shares	229.260
Sales income tax expense	(10.230)
<b>Discontinued operations</b>	<b>-</b>
<b>Net income from discontinued operations after income taxes</b>	<b>138.636</b>
<b>Cash used in discontinued operations:</b>	<b>31 December 2011</b>
Net cash provided by operating activities	25.611
Net cash provided by investing activities	254.266
Net cash used in financing activities	(13.520)
<b>Net cash inflow</b>	<b>266.357</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

TL 229.260 of subsidiary shares' sales income is recognized in the consolidated statement of income of the Group prepared as of 31 December 2011, from the sale and transfer of shares of İşıl Televizyon Yayıncılık A.Ş.'s as at 3 November 2011.

**31 October 2011**

Amount received	592.855
Carrying value of net assets	(363.595)

<b>Sales income</b>	<b>229.260</b>
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#### Net Amount received from sale of brand and subsidiary shares

Cash and cash equivalents received	267.477
Notes receivables received	325.378
Less: Cash and cash equivalents of sold subsidiary	(1.120)
	<b>591.735</b>

#### Net book value of assets disposed

**31 October 2011**

<b>Current assets</b>	<b>53.030</b>
Cash and cash equivalents	1.120
Trade receivables	39.094
Inventories	302
Other current assets	12.514
<b>Non-current assets</b>	<b>361.845</b>
Property, plant and equipment	7.649
Intangible assets	115.169
Goodwill (Note 15)	238.925
Other non-current assets	102
<b>Current liabilities</b>	<b>40.721</b>
Financial borrowings	13.520
Trade payables	14.925
Other taxes and funds payables	6.436
Provisions	-
Other current liabilities	5.840
<b>Non-current liabilities</b>	<b>10.559</b>
Provision for employment termination benefits	725
Deferred tax liability	9.834

<b>Net assets disposed of from scope of consolidation</b>	<b>363.595</b>
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<b>Gain from sale</b>	<b>229.260</b>
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# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

#### b) Assets held for sale:

##### OOO Pronto Moscow

As OOO Pronto Moscow ceases its operations in its printing facilities in 2011, the Group has decided to dispose of some of its fixed assets in its subsidiaries. These assets which are expected to be disposed of within twelve-month period are reclassified as assets held for sale and presented separately in the balance sheet.

Property, plant and equipment reclassified as asset held for sale are as follows:

Property, Plant and Equipment	31 December 2011
<b>Cost</b>	
Land and land improvements	1.424
Buildings	3.231
Machinery and equipment	13.599
Furniture and fixtures	94
Construction in progress	147
	<b>18.495</b>
<b>Accumulated depreciation</b>	
Land and land improvements	-
Buildings	(441)
Machinery and equipment	(11.716)
Furniture and fixtures	(94)
	<b>(12.251)</b>
<b>Net book value as of 31 December 2011</b>	<b>6.244</b>
Currency translation differences	(331)
<b>Net book value of assets disposed</b>	<b>5.913</b>
Sales amount of property, plant and equipment <sup>(1)</sup>	7.130
Gain on sale of property, plant and equipment	1.217

<sup>(1)</sup> In April 2012, the Company's fixed assets classified as non-current asset held for sale as of 31 December 2011 were sold in consideration of RBL 121 million (TL 7.130).



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

#### *b) Assets held for sale (Continued)*

#### **Sale of Property, Plant and Equipment of Hürriyet**

Hürriyet, a subsidiary of the Group, sold the properties that are previously classified as "asset held for sale" that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, Istanbul to Nuro Gayrimenkul Yatırım Ortaklığı at February 2012 in consideration of USD 127.500 with maturity. The sales transaction has been completed as of 1 February 2012 and USD 17.500 of the sales amount was paid in cash at the date of the transfer of title. The remaining portion of USD 110.000, which will be paid through bonds, is payable starting from 6 March 2012 in 32 equal installments having 3,5% interest rate. As of 31 December 2012, the Company has made a total collection of USD 37.734 (USD 34.375 of principal amount and USD 3.359 of interest). As of 31 December 2012, interest accrual income amounts to USD 3.248. The remaining portion amounting to USD 75.625 and its interest accrual for the related period amounting to USD 217 are recognized as other short and long term receivables (Note 11). In the preparation of financial statements in accordance with IFRS, Hürriyet has classified the related properties as asset held for sale under IFRS 5.

For held for sale investments, no impairment loss is recognized in cases where profit on sale exceeds the carrying value of related asset.

Property, plant and equipment reclassified as asset held for sale is as follows:

<b>Property, Plant and Equipment</b>	<b>31 December 2011</b>
<b>Cost</b>	
Land and land improvements	10.476
Buildings	97.647
	<b>108.123</b>
Accumulated depreciation	
Land and land improvements	(318)
Buildings	(33.362)
	<b>(33.680)</b>
Net book value as of 31 December 2011	74.443
Change in net book value <sup>(1)</sup>	4.276
<b>Net book value of assets disposed of</b>	<b>78.719</b>
<b>Sales amount of property, plant and equipment</b>	<b>221.624</b>
<b>Gain on sales of property, plant and equipment</b>	<b>142.905</b>

<sup>(1)</sup> As a result of the review of the non-current assets related with the building sold, it has been decided that net book value of fixed assets amounting to TL 4.276 are in the scope of the related sale

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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### NOTE 28-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS(Continued)

#### *b) Assets held for sale (Continued):*

Hürriyet, one of the subsidiaries of the Group, has disposed its shares in its subsidiary, Rosprint in 2012, in accordance with the legal framework of Russia.

Group, has transferred its shares in its subsidiary, Pronto Peterburg in 2011 to the company, in accordance with the legal framework of Russia.

<b>Net book value of assets disposed</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Current assets		
Cash and cash equivalents	34	159
Trade receivables	5	425
Inventories	-	53
Other receivables	52	85
Other current assets	209	179
Non-current assets		
Property, plant and equipment	246	161
Intangible assets	-	28
Deferred tax asset	68	204
Current liabilities		
Trade payables	-	(393)
Provisions	-	(317)
Other current liabilities	-	(599)
Net book value of assets disposed	614	(15)
<b>Sales amount:</b>		
Cash and cash equivalents received	-	-
Sales amount to be collected in the subsequent period	1.162	189
Net cash inflow from sales:		
Consideration paid in cash and cash equivalents	-	-
(Less) cash and cash equivalents disposed of	(34)	(159)

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

### ENDED 31 DECEMBER 2012

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

#### NOTE 29- TAX ASSETS AND LIABILITIES

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

##### *Corporate tax*

Corporate tax liabilities for the periods ended 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Corporate and income taxes payable <sup>(1)</sup>	84.205	208.654
Prepaid taxes	(74.368)	(169.796)
<b>Taxes payable</b>	<b>9.837</b>	<b>38.858</b>

<sup>(1)</sup> As of 31 December 2011, TL 17.131 of corporate and income taxes payable is related with the discontinued operations.

	31 December 2012	31 December 2011
Corporate and income taxes payable	9.837	38.858
Deferred tax liabilities, net	79.821	47.835
<b>Taxes payable</b>	<b>88.762</b>	<b>86.693</b>

##### *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 2012 is 20% (2011: 20%) for Turkey. Corporate tax is payable at a rate of 20% on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (investment allowance, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Dividends paid to non-resident companies having representative offices in Turkey and resident companies are not subject to withholding tax. Dividends paid to companies except for those companies are subject to 15% of withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

#### *Corporate tax (Continued)*

Tax Law No: 5024 "Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 requires income tax and corporate taxpayers whose earnings are determined based on the balance sheet to prepare their statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira effective from 1 January 2004. In accordance with the provisions of the afore-mentioned Law provisions, in order to apply inflation adjustment, the cumulative inflation rate (TURKSTAT WPI) over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as the related threshold has not been met as of 2004 .

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

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

Under the Turkish tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous years.

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

As of 31 December 2012, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

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

#### *Exemption for participation in subsidiaries*

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

#### *Issued premiums exemption*

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

#### *Exemption for participation into foreign subsidiaries*

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

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### NOTE 29-TAX ASSETS AND LIABILITIES (Continued)

#### **Corporate tax (Continued)**

##### *Exemption for sale of participation shares and property*

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

The details of effective tax laws in the Russian Federation where the Group performs a significant part of its operations are as follows:

#### **Russian Federation**

The corporate tax rate effective in the Russian Federation is 20% (2011: 20%).

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

According to the Russian Federation's tax legislation, financial losses can be carried forward for 10 years to be deducted from future taxable income. Restriction on the deductible financial losses has been revoked as of 2007. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2011: 30%). Rights related to tax losses that have not been utilized in the related years are expired.

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

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 29-TAX ASSETS AND LIABILITIES (Continued)

#### Corporate tax (Continued)

The tax rates at 31 December 2012 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

<u>Country</u>	<u>Tax rates (%)</u>	<u>Country</u>	<u>Tax rates (%)</u>
Germany <sup>(1)</sup>	28,0	Ukraine <sup>(2)</sup>	21,0
Romania	16,0	Hungary <sup>(3)</sup>	19,0
Englang	28,0	Slovenia	20,0
Crotia	20,0	Belarus <sup>(4)</sup>	18,0
Kazakhstan	20,0	Netherland <sup>(5)</sup>	25,0

<sup>(1)</sup> Corporate tax rate is applied as 15% for Germany. An additional solidarity tax of 5,5% and municipal commerce tax varying in between 14-17% is also applied over the corporate tax.

<sup>(2)</sup> From January 1, 2012, tax rate has decreased to 21% from 23%. Tax rate will be decreased to 19% in 2013 and 16% as of 1 January 2014.

<sup>(3)</sup> Tax rate is 10% for the tax base up to initial 500 million Hungarian Forint, 19% for over 500 million Hungarian Forint.

<sup>(4)</sup> From January 1, 2012, tax rate has decreased to 18% from 24%.

<sup>(5)</sup> Tax rate is 20% for the tax base up to initial 200.000 EUR, 25% for over 200.000 EUR

#### Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the CMB's Financial Reporting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for the CMB's Financial Reporting Standards and tax purposes.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the balance sheet dates.

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

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2012 and 31 December 2011 using the enacted tax rates is as follows.



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 29-TAX ASSETS AND LIABILITIES (Continued)

#### Deferred taxes (continued)

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Differences between the tax base and carrying value of property, plant and equipment and intangible assets	104.287	96.487	20.857	17.628
Carry forward tax losses	237.255	44.915	47.451	9.290
Provision for doubtful receivables	57.812	31.662	11.562	8.104
Provision for employment termination benefits	98.377	49.311	19.675	9.884
Derivative financial liabilities	2.730	6.610	546	1.322
DSI cost of water usage rights' accrual	-	27.774	-	5.555
Deferred financial income of trade receivables	518	-	104	-
Other	112.223	133.664	22.684	27.969
<b>Deferred tax assets</b>			<b>122.879</b>	<b>79.752</b>
Differences between the tax base and carrying value of property, plant and equipment and intangible assets	(982.051)	(637.574)	(197.059)	(122.178)
Fair value of Investment Property	(348.731)	(64.120)	(1.889)	(3.206)
DSI cost of water usage rights' accrual	(4.657)	-	(931)	-
Derivative financial assets	(1.022)	(4.640)	(204)	(928)
Other	(12.730)	(6.817)	(2.617)	(1.275)
<b>Deferred tax liabilities</b>			<b>(202.700)</b>	<b>(127.587)</b>
<b>Deferred tax liabilities, net</b>			<b>(79.821)</b>	<b>(47.835)</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 29-TAX ASSETS AND LIABILITIES (Continued)

The Group recognised deferred tax assets over TL 237.255 of carry forward tax losses in the consolidated financial statements prepared in accordance with the CMB's Financial Reporting Standards as at 31 December 2012 (31 December 2011: TL 44.915). As of 31 December 2012 and 31 December 2011, the maturity analysis of carry forward tax losses is as follows:

	31 December 2012 <sup>(1)</sup>	31 December 2011
2012	4.603	706
2013	101.169	1.231
2014	25.669	21.780
2015	54.871	21.198
2016 and after	50.943	-
	<b>237.255</b>	<b>44.915</b>

<sup>(1)</sup> Regarding the period, amount of accumulated past year financial losses according to the latest reducible years is presented suitably to the scope of Law No. 6111.

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 2012, the Group does not recognise deferred tax from carry forward tax losses amounted to TL 1.064.508 (31 December 2011: TL 1.150.784).

Movements for net deferred taxes for the periods ended at 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	(47.835)	(34.165)
Deferred tax effect of financial assets fair value increase	(1.549)	1.044
Current year (expense)/income	17.825	(9.907)
Actuarial loss tax effect accounted under other comprehensive income	9.426	-
Discontinued operation current period charge	-	(4.416)
Currency translation differences	(134)	(13.670)
Disposal of Subsidiary	16	13.279
Purchase of Subsidiary	(58.503)	-
Other	933	-
<b>31 December</b>	<b>(79.821)</b>	<b>(47.835)</b>

The taxes on income reflected to the consolidated income statement for the periods ended at 31 December 2012 and 2011 are summarized below:

	2012	2011
Current	(84.205)	(191.523)
Deferred	17.825	(15.037)
<b>Total Tax</b>	<b>(66.380)</b>	<b>(206.560)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 29-TAX ASSETS AND LIABILITIES (continued)

The reconciliation of the taxation on income in the consolidated income statement for years ended 31 December 2012 and 2011 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2012	2011
Profit before taxation from continued operations	323.969	(887.892)
Tax calculated at 20% tax rate	(64.794)	177.578
Tax liability in dispute and tax base increase liability regarding 6111	(3.871)	(194.904)
Carry forward losses utilized	18.776	5.110
Expenses not deductible for tax purposes	(33.418)	(37.748)
Income not subject to tax	52.338	10.207
Expense not subject to tax	(37.841)	(82.941)
Reversal of previous year losses from which deferred tax was calculated previously	11.847	(31.314)
Disposals of Subsidiaries	3.589	-
Withholding tax related to the foreign country operations	(7.121)	(6.765)
Difference due to the different tax rates applicable in different countries	(86)	(1.424)
Adjustment effects	(1.818)	(16.098)
Impairment of Goodwill	-	(20.772)
Other	(3.981)	(7.489)
<b>Tax expense</b>	<b>(66.380)</b>	<b>(206.560)</b>

### NOTE 30-EARNING/ (LOSS) PER SHARE

Earning/ (loss) per share for each class of shares disclosed in the consolidated statements of income is determined by dividing the net income/ (loss) by the average number of shares:

	2012	2011
Net loss for the period	155.671	(753.735)
Weighted average number of shares with face value of TL 1 each	2.450.000	2.450.000
<b>Earning/ (loss) per share (Kr)</b>	<b>0,064</b>	<b>(0,308)</b>

	2012	2011
Net profit/ (loss) for the period from continuing operations	155.671	(831.703)
Weighted average number of shares with face value of TL 1 each	2.450.000	2.450.000
<b>Earning/ (loss) per share from continuing operations (Kr)</b>	<b>0,064</b>	<b>(0,339)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 31-RELATED PARTY DISCLOSURES

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. As of the balance sheet date, the details of due to/from related parties and related party transactions for the periods ended as of 31 December 2012 and 31 December 2011 are summarized as below:

#### i) Amounts due from and due to related parties:

##### Current trade receivables-Due from related parties:

	31 December 2012	31 December 2011
Medyanet İletişim Reklam Pazarlama ve Turizm A.Ş. ("Medyanet") <sup>(1)</sup>	9.404	1.291
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market")	1.145	1.246
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	985	58
Doğan Elektronik Turizm Satış Pazarlama Hiz.ve Yay A.Ş.	620	-
Delüks Elektronik Hizmetler ve Tic A.Ş.	270	-
D Elektronik Şans Oyunları ve Yayıncılık A.Ş. ("D Elektronik Şans Oyunları")	-	1.117
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	729	9
Other	821	790
	<b>13.974</b>	<b>4.511</b>

<sup>(1)</sup> The receivables of the Group from Medyanet are related to the sales of advertisement.

#### 31 December 2012 31 December 2011

##### Current non-trade receivables-Due from related parties:

Gümüştaş Madencilik ve Ticaret A.Ş.	3.482	3.702
	<b>3.482</b>	<b>3.702</b>

#### 31 December 2012 31 December 2011

##### Current trade payables-Due to related parties:

Ortadoğu Otomotiv Ticaret A.Ş. <sup>(1)</sup>	33.132	-
Doğanlar Sigorta Aracılık Hizmetleri A.Ş.	96	-
Other	2.164	246
	<b>35.392</b>	<b>246</b>

<sup>(1)</sup> Debt arise from the purchase of land.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 31-RELATED PARTY DISCLOSURES (Continued)

#### i) Amounts due from and due to related parties (continued):

	31 December 2012	31 December 2011
<b>Long term trade payables-Due to related parties:</b>		
Ortadoğu Otomotiv <sup>(1)</sup>	36.636	-

<sup>(1)</sup> Debt arise from the purchase of land.

#### ii) Transactions with related parties:

Service/ product purchases:	2012	2011
Ortadoğu Oto <sup>(1)</sup>	13.082	10.297
Aydın Doğan Vakfı <sup>(2)</sup>	5.300	-
Adilbey Holding A.Ş. <sup>(3)</sup>	2.097	6.873
D Yapı A.Ş.	1.508	76
Medyanet İletişim Hizmetleri A.Ş.	1.089	1.814
D Market A.Ş.	421	511
Gümüştaş Madencilik A.Ş.	331	-
Doğanlar Sigorta	170	-
Etkin GYO	141	-
Doğan Elektronik Aracılık	-	5.502
D Finans	-	183
Doğan Portal	-	100
Other	2.547	541
	<b>26.686</b>	<b>25.897</b>

<sup>(1)</sup> Consists of the rent expenses of Trump Towers.

<sup>(2)</sup> Consists of the donations made by Doğan TV group.

<sup>(3)</sup> Consists of the rent expenses of the Group.

Service and product sales:	2012	2011
Medyanet İletişim Hizmetleri A.Ş. <sup>(1)</sup>	17.724	16.338
D Market A.Ş.	4.547	3.489
Ortadoğu Oto	336	202
Adilbey Holding A.Ş.	305	207
D Yapı A.Ş.	269	101
Aydın Doğan	234	302
Aydın Doğan Vakfı	126	120
Other	1.863	2.070
	<b>25.404</b>	<b>22.829</b>

<sup>(1)</sup> Internet advertising sales of the Group are made thorough Medyanet.

#### Financial income

	2012	2011
Ortadoğu Oto	9	-
D-Elektronik Şans	14	-
Other	15	-
	<b>38</b>	<b>-</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 31-RELATED PARTY DISCLOSURES (Continued)

<b>Financial Expenses</b>	<b>2012</b>	<b>2011</b>
Other	34	-
	<b>34</b>	<b>-</b>

<b>Purchases of property, plant and equipment and intangible assets:</b>	<b>2012</b>	<b>2011</b>
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. <sup>(1)</sup>	2.620	-
D-Yapı	490	-
D Market	106	187
Ortadoğu Otomotiv	-	4.984
Other	-	52
	<b>3.216</b>	<b>5.223</b>

<sup>(1)</sup> Related amount consists of the acquisition of Bigpara.com, Mahmure.com and E-kolay.net websites

### Sales of property, plant and equipment and intangible assets:

Delüks Elektronik Hizmetler	-	7
	<b>-</b>	<b>7</b>

### Benefits provided to board members and key management personnel:

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

	<b>2012</b>	<b>2011</b>
Salaries and other short term benefits	19.842	13.683
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
<b>Total</b>	<b>19.842</b>	<b>13.683</b>



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### *Financial risk management*

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

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

#### *a) Market Risk*

##### *a.1) Foreign currency risk*

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TL equivalents of foreign currency denominated monetary assets and liabilities at 31 December 2012 and 31 December 2011 before consolidation adjustments and reclassifications are as follows:

The Group is exposed to foreign exchange risk arising primarily from the USD and Euros.

	31 December 2012	31 December 2011
Assets	2.950.154	3.448.658
Liabilities	(3.223.186)	(3.043.140)
Off-balance sheet net derivative liabilities	47.586	72.460
<b>Net foreign currency position</b>	<b>(225.446)</b>	<b>477.978</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### a.1) Foreign currency risk(Continued):

Sensitivity analysis for currency risk as of 31 December 2012 and 31 December 2011 and foreign currency denominated asset and liability balances are summarized below:

#### 31 December 2012

	TL Equivalent	USD	EUR	Other
1. Trade receivables	163.533	39.526	55.540	68.467
2a. Monetary Financial Assets (Cash, Banks included)	2.220.476	1.513.598	660.371	46.507
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	215.429	214.874	555	-
<b>4. Current Assets (1+2+3)</b>	<b>2.599.438</b>	<b>1.767.998</b>	<b>716.466</b>	<b>114.974</b>
5. Trade receivables	11.194	7.443	1.918	1.833
6a. Monetary Financial Assets	101.163	96.833	4.114	216
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	238.359	224	238.135	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>350.716</b>	<b>104.500</b>	<b>244.167</b>	<b>2.049</b>
<b>9. Total Assets (4+8)</b>	<b>2.950.154</b>	<b>1.872.498</b>	<b>960.633</b>	<b>117.023</b>
10. Trade Payables	165.986	104.952	51.639	9.395
11. Financial Liabilities	1.226.289	879.088	328.299	18.902
12a. Other Monetary Financial Liabilities	52.177	4.512	15.246	32.419
12b. Other Non-Monetary Financial Liabilities	431	51	380	-
<b>13. Current Liabilities (10+11+12)</b>	<b>1.444.883</b>	<b>988.603</b>	<b>395.564</b>	<b>60.716</b>
14. Trade Payables	18.420	14.669	1.918	1.883
15. Financial Liabilities	1.759.816	1.336.144	423.672	-
16a. Other Monetary Financial Liabilities	67	30	-	37
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>1.777.303</b>	<b>1.350.843</b>	<b>425.590</b>	<b>1.870</b>
<b>18. Total Liabilities (13+17)</b>	<b>3.223.186</b>	<b>2.339.446</b>	<b>821.154</b>	<b>62.586</b>
<b>19. Net asset/liability position of Off balance sheet derivatives(19a-19b)</b>	<b>47.586</b>	<b>66.107</b>	<b>(14.326)</b>	<b>(4.195)</b>
<b>19a. Off balance sheet foreign Currency derivative assets</b>	<b>66.404</b>	<b>66.107</b>	<b>-</b>	<b>297</b>
<b>19b. Off balance sheet foreign Currency derivative liabilities</b>	<b>18.818</b>	<b>-</b>	<b>14.326</b>	<b>4.492</b>
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(225.446)</b>	<b>(400.841)</b>	<b>125.153</b>	<b>50.242</b>
<b>21. Net foreign currency asset/liability Position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(726.389)</b>	<b>(681.995)</b>	<b>(98.831)</b>	<b>54.437</b>
<b>22 Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>115.547</b>	<b>3.105</b>	<b>57.147</b>	<b>409</b>
<b>24. Imports</b>	<b>477.701</b>	<b>6.773</b>	<b>80.920</b>	<b>-</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

ENDED 31 DECEMBER 2012

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

### 3NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### a.1) Foreign currency risk (Continued):

31 December 2011

	TL Equivalent	USD	EUR	Other
1. Trade receivables	127.559	80.740	34.386	12.433
2a. Monetary Financial Assets (Cash, Banks included)	3.102.051	2.181.226	883.935	36.890
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	6.660	72	6.588	-
<b>4. Current Assets (1+2+3)</b>	<b>3.236.270</b>	<b>2.262.038</b>	<b>924.909</b>	<b>49.323</b>
5. Trade receivables	3.702	3.702	-	-
6a. Monetary Financial Assets	199.463	199.391	15	57
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	9.223	339	8.884	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>212.388</b>	<b>203.432</b>	<b>8.899</b>	<b>57</b>
<b>9. Total Assets (4+8)</b>	<b>3.448.658</b>	<b>2.465.470</b>	<b>933.808</b>	<b>49.380</b>
10. Trade Payables	205.828	67.051	127.531	11.246
11. Financial Liabilities	761.143	612.494	128.176	20.473
12a. Other Monetary Financial Liabilities	91.752	53.338	2.222	36.192
12b. Other Non-Monetary Financial Liabilities	7.931	6.576	1.355	-
<b>13. Current Liabilities (10+11+12)</b>	<b>1.066.654</b>	<b>739.459</b>	<b>259.284</b>	<b>67.911</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.905.858	1.593.891	294.646	17.321
16a. Other Monetary Financial Liabilities	70.628	63.772	6.809	47
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>1.976.486</b>	<b>1.657.663</b>	<b>301.455</b>	<b>17.368</b>
<b>18. Total Liabilities (13+17)</b>	<b>3.043.140</b>	<b>2.397.122</b>	<b>560.739</b>	<b>85.279</b>
<b>19. Net asset/liability position of Off balance sheet derivatives(19a-19b)</b>	<b>72.460</b>	<b>59.290</b>	<b>13.212</b>	<b>(42)</b>
<b>19.a Off balance sheet foreign Currency derivative assets</b>	<b>90.943</b>	<b>63.068</b>	<b>27.875</b>	<b>-</b>
<b>19b. Off balance sheet foreign Currency derivative liabilities</b>	<b>18.483</b>	<b>3.778</b>	<b>14.663</b>	<b>42</b>
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>477.978</b>	<b>127.638</b>	<b>386.281</b>	<b>(35.941)</b>
<b>21. Net foreign currency asset/liability Position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>397.566</b>	<b>74.513</b>	<b>358.952</b>	<b>(35.899)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>127.966</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Imports</b>	<b>494.182</b>	<b>-</b>	<b>-</b>	<b>-</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### a.1) Foreign currency risk (Continued):

As of 31 December 2012 and 31 December 2011, foreign currency denominated asset and liability balances were converted with the following exchange rates: TL 1,7826 = USD 1 and TL 2,3517 = EUR 1 (2011: TL 1,8889 = USD 1 and TL 2,4438 = EUR 1).

#### 31 December 2012

	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciates
If the USD had changed by %10 against the TL		
1- USD net (liabilities)/assets	(40.084)	40.084
2- Hedging amount of USD (-)	-	-
<b>3- USD net effect on (loss)/income (1+2)</b>	<b>(40.084)</b>	<b>40.084</b>
If the EUR had changed by %10 against the TL		
4- EUR net (liabilities)/assets	12.515	(12.515)
5- Hedging amount of EUR (-)	-	-
<b>6- EUR net effect on (loss)/income (4+5)</b>	<b>12.515</b>	<b>(12.515)</b>
If the Other Currencies had changed by %10 against the TL		
7- Other net (liabilities)/assets	5.024	(5.024)
8- Hedging amount of Otherkısım (-)	-	-
<b>9- Other net effect on (loss)/income (7+8)</b>	<b>5.024</b>	<b>(5.024)</b>
<b>TOTAL (3+6+9)</b>	<b>(22.545)</b>	<b>22.545</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### a.1) Foreign currency risk (Continued)

31 December 2011

	Income/ Loss	
	Foreign currency appreciate	Foreign currency depreciates
If the USD had changed by %10 against the TL		
1- USD net (liabilities)/assets	12.764	(12.764)
2- Hedging amount of USD (-)	-	-
<b>3- USD net effect on (loss)/income (1+2)</b>	<b>12.764</b>	<b>(12.764)</b>
If the EUR had changed by %10 against the TL		
4- EUR net (liabilities)/assets	38.628	(38.628)
5- Hedging amount of EUR (-)	-	-
<b>6- EUR net effect on (loss)/income (4+5)</b>	<b>38.628</b>	<b>(38.628)</b>
If the Other Currencies had changed by %10 against the TL		
7- Other net (liabilities)/assets	(3.594)	3.594
8- Hedging amount of Otherkısım (-)	-	-
<b>9- Other net effect on (loss)/income (7+8)</b>	<b>(3.594)</b>	<b>3.594</b>
<b>TOTAL(3+6+9)</b>	<b>47.798</b>	<b>(47.798)</b>

#### a.2) Interest rate risk (Continued)

- Media

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2012 and 31 December 2011, the Group's borrowings at floating rates are predominantly denominated in US Dollars and Euros.

At 31 December 2012, if interest rates on US dollar denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 10.427 (31 December 2011: TL 9.896) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on Euro denominated borrowings had been higher/lower 100 basis points with all other variables held constant, loss before income taxes would have been TL 1.050 (31 December 2011: TL 854) higher/lower, mainly as a result of high interest expense on floating rate borrowings

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### a.2) Interest rate risk (Continued)

- 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.

At 31 December 2012, if interest rates on US dollar denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 17.441 higher/lower, mainly as a result of high interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on Euro denominated borrowings had been higher/lower 100 basis points with all other variables held constant, loss before income taxes would have been TL 3.356 higher/lower, mainly as a result of high interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on TL dollar denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, loss before income taxes would have been TL 47 higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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

**31 December 2012    31 December 2011**

#### Financial instruments with fixed rate

Financial assets

- Banks (Note 6)	1.973.643	3.292.201
- Financial investments (Note 7)	173.674	191.672

Financial liabilities (Note 8)	801.509	860.160
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#### Financial instruments with floating rate

Financial liabilities (Note 8)	2.214.723	1.697.922
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#### b) Credit risk

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



# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

	31 December 2012			31 December 2011		
	USD	EUR	TL	USD	EUR	TL
<b>Assets</b>						
Cash and cash equivalents	0,10 – 6,00	0,25-6,75	3-12,3	0,5-6,05	1,-6,05	5,7-12,7
Financial investments	5,17	-	9,48	1-6	-	9,37
<b>Liabilities</b>						
Financial Liabilities	3,50-6,40	4,50-5,78	0-12	2,09-6,75	2,52-2,69	4,85-15,50

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

31 December 2012	Up to 3 months	3 months - 1 year	1-5- years	More than 5 years	Free of interest	Total
<b>Assets</b>						
Cash and cash equivalents (Note 6)	1.973.643	-	-	-	268.619	2.242.262
Financial investments (Note 7)	-	-	173.674	-	2.216	175.890
<b>Total</b>	<b>1.973.643</b>	<b>-</b>	<b>173.674</b>	<b>-</b>	<b>270.835</b>	<b>2.418.152</b>
Financial Liabilities (Note 8) (1)	-	1.309.188	1.427.043	-	-	2.736.231
<b>Total</b>	<b>-</b>	<b>1.309.188</b>	<b>1.427.043</b>	<b>-</b>	<b>-</b>	<b>2.736.231</b>
<b>31 December 2012</b>	<b>Up to 3 months</b>	<b>3 months - 1 year</b>	<b>1-5- years</b>	<b>More than 5 years</b>	<b>Free of interest</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents (Note 6)	3.292.201	-	-	-	176.285	3.468.486
Financial investments (Note 7)	-	-	191.672	-	5.730	197.402
<b>Total</b>	<b>3.292.201</b>	<b>-</b>	<b>191.672</b>	<b>-</b>	<b>182.015</b>	<b>3.665.888</b>
<b>Liabilities</b>						
Financial Liabilities (Note 8) <sup>(1)</sup>	-	934.850	1.623.232	-	-	2.558.082
<b>Total</b>	<b>-</b>	<b>934.850</b>	<b>1.623.232</b>	<b>-</b>	<b>-</b>	<b>2.558.082</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group's credit risk of financial instruments as of 31 December 2012 is as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Other	Related party	Other	
<b>Maximum net credit risk as of balance sheet date</b>	<b>13.974</b>	<b>894.297</b>	<b>3.482</b>	<b>552.108</b>	<b>2.239.860</b>
<b>- The part of maximum risk under guarantee with collateral</b>	<b>-</b>	<b>230.616</b>	<b>-</b>	<b>316.612</b>	<b>-</b>
A. Net book value of financial assets that are past due /impaired	13.892	747.998	3.482	552.108	<b>2.239.860</b>
- Guaranteed amount by collateral	-	204.122	-	316.612	-
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)	82	146.299	-	-	-
- Guaranteed amount by collateral ( Note 9)	-	26.494	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) ( Note 9)	-	204.435	-	1.419	-
- Impairment (-)( Note 9)	-	(204.435)	-	(1.419)	-
Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk					

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group's credit risk of financial instruments as of 31 December 2011 is as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Other	Related party	Other	
<b>Maximum net credit risk as of balance sheet date</b>	<b>4.511</b>	<b>813.179</b>	<b>3.702</b>	<b>434.707</b>	<b>3.465.068</b>
<b>- The part of maximum risk under guarantee with collateral</b>	<b>-</b>	<b>197.388</b>	<b>-</b>	<b>332.446</b>	<b>-</b>
A. Net book value of financial assets that are past due /impaired	4.229	613.027	3.702	434.707	3.465.068
- Guaranteed amount by collateral	-	177.603	-	332.446	-
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)	282	200.152	-	-	-
- Guaranteed amount by collateral ( Note 9)	-	19.785	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) ( Note 9)	-	179.391	-	1.505	-
- Impairment (-)( Note 9)	-	(179.391)	-	(1.505)	-
- Net value collateralized or- guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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

### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

	31 December 2012		31 December 2011	
	Related Party	Other Receivables	Related Party	Other Receivables
0-30 days overdue	-	58.382	-	77.806
1-3 months overdue	-	44.907	282	55.292
3-12 months overdue	-	32.744	-	55.952
1-5 years overdue	-	10.266	-	11.102
More than 5 years	-	-	-	-
<b>Total</b>	-	<b>146.299</b>	<b>282</b>	<b>200.152</b>

#### Guaranteed amount by collateral

Media	-	22.102	-	16.410
Retail	-	-	-	-
Other	-	4.192	-	3.375
<b>Total</b>	-	<b>26.294</b>	-	<b>19.785</b>

#### d) Liquidity risk

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

As of 31 December 2012 and 31 December 2011, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

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### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2012	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>						
Financial borrowings (Note 8)	3.016.232	3.330.594	828.215	840.284	1.273.623	388.472
Trade payables (Note 10)	377.518	381.458	277.512	103.946	-	-
Other financial liabilities	515.242	535.957	161.915	47.750	326.292	-
Other liabilities	101.164	107.515	45.090	26.906	35.519	-
Due to related parties (Note 31)	72.028	72.894	8.518	22.810	41.566	-
	<b>4.082.184</b>	<b>4.428.418</b>	<b>1.321.250</b>	<b>1.041.696</b>	<b>1.677.000</b>	<b>388.472</b>

#### Derivative financial liabilities

Derivative cash inflow (Note 7)	1.102	46.298	33.384	284	12.630	-
Derivative cash outflow	(2.730)	(6.476)	(1.247)	(4.589)	(640)	-
<b>Derivative cash inflow/outflow, net</b>	<b>(1.628)</b>	<b>39.822</b>	<b>32.137</b>	<b>(4.305)</b>	<b>11.990</b>	<b>-</b>

31 December 2011	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>						
Financial borrowings (Note 8)	2.558.082	2.742.482	418.002	795.619	1.283.482	245.379
Trade payables (Note 10)	444.997	448.807	426.156	22.651	-	-
Due to related parties (Note 31)	246	246	246	-	-	-
Other liabilities	801.750	834.503	231.357	219.326	383.820	-
Other financial liabilities	528.081	560.905	8.860	69.311	482.734	-
	<b>4.333.156</b>	<b>4.586.943</b>	<b>1.084.621</b>	<b>1.106.907</b>	<b>2.150.036</b>	<b>245.379</b>

#### Derivative financial liabilities

Derivative cash inflow (Note 7)	4.640	168.582	90.602	35.090	42.890	-
Derivative cash outflow	(6.610)	(168.569)	(79.603)	(39.981)	(48.985)	-
<b>Derivative cash inflow/outflow, net</b>	<b>(1.970)</b>	<b>13</b>	<b>10.999</b>	<b>(4.891)</b>	<b>(6.095)</b>	<b>-</b>

#### e) 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:

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### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### *e) Fair value of financial instruments(Continued)*

##### *Monetary assets*

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

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

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

##### *Monetary liabilities*

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

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

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

#### *f) Capital risk management*

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

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

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



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### NOTE 32-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### f) Capital risk management (Continued)

The net liability/total equity ratio at 31 December 2012 and 31 December 2011 is summarized below:

	31 December 2012	31 December 2011
Total liability <sup>(1)</sup>	4.377.990	4.613.184
Less: Cash and cash equivalents (Note 6)	(2.212.429)	(3.458.026)
Net liability	2.162.416	1.155.158
Equity	3.181.007	3.039.038
Total equity	5.329.543	4.194.196
<b>Gearing ratio</b>	<b>%41</b>	<b>%28</b>

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

### NOTE 33-FINANCIAL INSTRUMENTS

#### Fair value of financial instruments

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

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

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

	Fair value at reporting date			
	31 December 2012	Level 1 TL	Level 2 TL	Level 3 TL
<b>Financial assets</b>				
Financial assets at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments	1.102	-	1.102	-
Available-for-sale financial assets	-	-	-	-
Bonds and bills	174.556	174.556	-	-
<b>Total</b>	<b>175.658</b>	<b>174.556</b>	<b>1.102</b>	<b>-</b>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL				
Trading securities				
Trading derivatives	-	-	-	-
Derivative instruments	2.730	-	2.730	-
Other financial liabilities	18.207	-	-	18.207
<b>Total</b>	<b>20.937</b>	<b>-</b>	<b>2.730</b>	<b>18.207</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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### NOTE 33-FINANCIAL INSTRUMENTS (Continued)

	31 December 2011	Fair value at reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
<b>Financial assets</b>				
Financial assets at FVTPL				
Trading securities				
Trading derivatives				
Derivative Instruments	4.640	-	4.640	-
Available-for-sale financial assets	-	-	-	-
Bonds and bills	88.572	88.572	-	-
<b>Total</b>	<b>93.212</b>	<b>88.572</b>	<b>4.640</b>	<b>-</b>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL				
Trading securities				
Trading derivatives				
Derivative instruments	6.610	6.610	-	-
Other financial liabilities	66.438	-	-	66.438
<b>Total</b>	<b>73.048</b>	<b>6.610</b>	<b>-</b>	<b>66.438</b>

### NOTE 34-SUBSEQUENT EVENTS

#### Deutsche Bank Option

As explained in detail in Note 8, within the scope of usage of "put option" by Deutsche Bank AG, in accordance with the "Put Option Agreements" signed on 26 July 2007 between Doğan Yayın Holding and Deutsche Bank AG and amended by the amendment agreement dated 10 November 2008, Deutsche Bank AG's share in Doğan Gazetecilik, direct subsidiary of Doğan Yayın Holding amounting to 23.100.000 bearer shares with a nominal value of TL 1 each which corresponds to 22% of TL 105.000 issued capital of Doğan Gazetecilik has been purchased by Doğan Yayın Holding in consideration of USD 122.323 as of 19 February 2013. Doğan Yayın Holding's share in Doğan Gazetecilik A.Ş. capital has become 92,76% after the purchase of mentioned shares.

#### Purchase of Additional Share of Doğan Yayın Holding

3.000.000 "publicly available" shares (exact) with a nominal value of TL 1 each belonging to Doğan Yayın Holding has been purchased by the parent company of the Group, Doğan Holding, from Adilbey Holding A.Ş. on 20 February 2013 in consideration of TL 0,86 (exact) total TL 2.580 (exact) in cash independent from Borsa İstanbul confirming transaction price over the weighted average transaction amount at the first session remains within the margins in accordance with the Borsa İstanbul "Principles of Establishment and Operation of Wholesale Market". As a result of this transaction, Doğan Holding's effective interest rate reached to 74,74% from 74,59.

#### Commitment and contingent liabilities related to share sale agreement signed with Commerz-Film GmbH

Commerz-Film GmbH and Group's direct and indirect subsidiaries of Doğan Yayın Holding and Doğan TV Holding, concluded on 19 November 2009, signed on 31 October 2011 and on 28 February 2012 as amended by agreement of two modified "Share Purchase and Share Owners Agreement" in accordance with the provisions of, the scope of use of the option the right to sell by Commerz-Film GmbH, owned by Commerz-Film GmbH, the capital paid-in of Doğan TV Holding, corresponding to 2,49% per annum with TL 1.360.016, EUR 1 TL (exact) nominal value of shares 33.843.238 unit (exact) group B registered shares with a total amount of EUR 61.572 was acquired by the Company in cash. The purchase of shares after the share of the Group's indirect subsidiary of Doğan TV Holding's shares has become 2,49%.

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### NOT 34-SUBSEQUENT EVENTS (Continued)

#### Subsidiary capital increase participation

Doğan Holding's Board of Directors, who has taken a decision on 18 March 2013, the share capital of which is owned 25% share directly to the capital of a subsidiary by Aslancık Elektrik, increased its share from TRY 75.000 to TRY 135.000 in cash. Its share of associates TRY 15 000 which corresponds to has decided to use the right to purchase new shares.

In addition, Doğan Energy directly share partner of Aslancık Elektrik with 8,33% rate, which is indirectly share partner of Group. Group has decided to attend its subsidiary capital increase and also used to purchase new shares amounting TRY 5.000 with using new share acquisition rights.

#### Information About Ongoing Litigation

Result of litigation against Çelik Halat about compensation of damage which realized at 20 January 2001 caused by rope shifting Yenikuyu facility which belongs to Kozlu Taşkömürü İşletme Müessesesi Müdürlüğü and Türkiye Taşkömürü Kurumu Genel Müdürlüğü decided favor of claimant after acceptance of TTK Genel Müdürlüğü as of 31 May 2001 litigation date of receivable which TL 477 and as of 18 January 2002 which is improvement date of receivable which TL 320 amount and its default interest.

Result of litigation payment amount TL 4.190 liability of Çelik Halat has been deferred by actual and unlimited given guarantee letter. Result of that there is no expectation about cash out flow for this litigation. The appeal application was done with respect to a higher court in legal time and every legal right is exercised in terms of mentioned Court Decision. Information about the topic is in Group's financial tables' notes. Based on precautionary principle provision was determined by Group prior period %47 of litigation risk amounted TL 1.969. Besides there is a product liability insurance on this litigation about 1 million USD.

### Approval of Financial Statements

The consolidated financial statements for the period ended 31 December 2012 were approved by the Board of Directors on 10 April 2013. Other than Board of Directors has no authority to change financial statements.

### NOT 35-DISCLOSURE OF OTHER MATTERS

None.





**Doğın Şirketler Grubu Holding A.Ş.**

Burhaniye Mahallesi Kısıklı Caddesi No: 65  
34676 Üsküdar/Istanbul Turkey  
Phone: +90 216 556 90 00  
Fax: +90 216 556 92 84  
[www.doganholding.com.tr](http://www.doganholding.com.tr)



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