

**DOĐAN GAZETECİLİK A.Ő.**

**CONVENIENCE TRANSLATION OF THE  
CONSOLIDATED FINANCIAL STATEMENTS  
AND THE REVIEW REPORT FOR THE  
INTERIM PERIOD 1 JANUARY – 30 JUNE 2012  
INTO ENGLISH**

**(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDIT REPORT  
ORIGINALLY ISSUED IN TURKISH**

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**REVIEW REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

To the Board of Directors of  
Doğan Gazetecilik A.Ş.  
İstanbul

*Introduction*

1. We have reviewed the accompanying consolidated financial statements of Doğan Gazetecilik A.Ş. (the "Company"), its subsidiaries and its joint ventures (collectively referred as, the "Group") which comprise the consolidated balance sheet as of 30 June 2012 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the six-month interim period then ended and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the financial reporting standards published by the Capital Market Board (the "CMB"). Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

*Scope of Review*

2. We conducted our review in accordance with auditing standards published by the Capital Market Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by the Capital Market Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion based on our review.

*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material aspects, the financial position of Doğan Gazetecilik A.Ş., its subsidiaries and its joint ventures as at 30 June 2012, and its financial performance and cash flows for the six-month interim period then ended in accordance with the financial reporting standards issued by the Capital Market Board.

İstanbul, 17 August 2012

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

*Gaye Şentürk*

Gaye Şentürk  
Partner

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 1 JANUARY-30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2012 AND 31 DECEMBER 2011**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 30 June 2012	Audited 31 December 2011
<b>ASSETS</b>			
<b>Current Assets</b>		<b>98.099.562</b>	<b>93.750.032</b>
Cash and cash equivalents	4	9.170.831	340.102
Trade receivables			
- Due from related parties	28	5.339.350	4.953.877
- Other trade receivables	7	51.016.711	54.652.942
Other receivables	8	26.941.095	29.915.600
Inventories	9	2.300.424	1.782.721
Other current assets	17	3.331.151	2.104.790
<b>Non-current assets</b>		<b>163.209.779</b>	<b>178.325.985</b>
Other receivables	8	46.797.952	63.967.624
Financial assets	5	17.995	17.995
Investment property	10	29.998.087	16.616.641
Property, plant and equipment	11	6.261.616	17.139.595
Intangible assets	12	12.793.075	13.444.532
Goodwill	13	60.428.513	60.428.513
Deferred income tax assets	26	4.345.195	4.123.252
Other non-current assets	17	2.567.346	2.587.833
<b>Total assets</b>		<b>261.309.341</b>	<b>272.076.017</b>

These consolidated financial statements as of and for the interim period ended 30 June 2012 has been approved by the Board of Directors on 17 August, 2012.

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

**DOĞAN GAZETECİLİK A.Ş.****CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2012 AND 31 DECEMBER 2011**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	<i>Note</i>	<i>Reviewed 30 June 2012</i>	<i>Audited 31 December 2011</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>36.210.174</b>	<b>47.273.386</b>
Financial borrowings			
- Due to related parties	28	-	5.165.940
Trade payables			
- Due to related parties	28	13.546.035	20.940.091
- Other trade payables	7	9.479.730	8.009.460
Other payables	8	2.481.351	4.666.678
Current income tax liabilities	26	822.372	553.115
Provisions	14	6.174.544	4.014.944
Other current liabilities	17	3.706.142	3.923.158
<b>Non-current liabilities</b>		<b>7.062.268</b>	<b>7.797.416</b>
Provision for employment termination benefit	16	7.062.268	7.797.416
<b>EQUITY</b>	<b>18</b>	<b>218.036.899</b>	<b>217.005.215</b>
<b>Equity attributable to equity holders of the Company</b>	<b>18</b>	<b>217.646.904</b>	<b>216.600.823</b>
Issued capital	18	105.000.000	105.000.000
Adjustment to share capital	18	45.910.057	45.910.057
Share premium	18	82.060.000	82.060.000
Restricted reserves	18	2.085.963	2.085.963
Accumulated losses		(18.455.197)	(27.345.921)
Net income for the period		1.046.081	8.890.724
<b>Non-controlling interests</b>		<b>389.995</b>	<b>404.392</b>
<b>Total liabilities and equity</b>		<b>261.309.341</b>	<b>272.076.017</b>
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The accompanying notes form an integral part of these consolidated financial statements.

**DOĞAN GAZETECİLİK A.Ş.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 1 JANUARY-30 JUNE 2012 AND 2011**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 1 January- 30 June 2012	Not Reviewed 1 April- 30 June 2012	Reviewed 1 January- 30 June 2011	Not Reviewed 1 April- 30 June 2011
<b>Continued operations</b>					
Sales	19	99.258.553	52.276.342	97.142.721	52.920.046
Cost of sales (-)	19	(65.245.544)	(32.007.610)	(60.584.727)	(31.801.369)
<b>Gross profit</b>		<b>34.013.009</b>	<b>20.268.732</b>	<b>36.557.994</b>	<b>21.118.677</b>
Marketing, sales and distribution expenses (-)	20	(21.117.080)	(11.825.315)	(21.992.791)	(12.774.475)
General administrative expenses (-)	20	(7.675.037)	(3.710.627)	(6.417.944)	(4.536.946)
Other operating income	22	3.223.030	699.236	3.049.070	2.219.118
Other operating expenses (-)	22	(3.814.127)	(2.653.864)	(7.618.909)	(3.682.620)
<b>Operating profit/(loss)</b>		<b>4.629.795</b>	<b>2.778.162</b>	<b>3.577.420</b>	<b>2.343.754</b>
Financial income	23	7.313.721	4.966.973	6.839.855	6.148.997
Financial expenses (-)	24	(10.304.241)	(2.659.637)	(2.990.070)	(2.167.638)
<b>Profit before income taxes from continued operations</b>		<b>1.639.275</b>	<b>5.085.498</b>	<b>7.427.205</b>	<b>6.325.113</b>
<b>Tax expense from continued operations</b>		<b>(607.591)</b>	<b>(1.437.738)</b>	<b>(3.871.480)</b>	<b>(3.890.650)</b>
- Current income tax expense	26	(829.534)	(822.591)	(2.920.251)	(2.661.920)
- Deferred tax income/ (expense)	26	221.943	(615.147)	(951.229)	(1.228.730)
<b>Net income for the period from continued operations</b>		<b>1.031.684</b>	<b>3.647.760</b>	<b>3.555.725</b>	<b>2.434.463</b>
<b>Discontinued operations</b>					
Net (loss)/ income for the period from discontinued operations <sup>(1)</sup> after income taxes	25	-	-	(6.358.556)	14.095.941
<b>Net (loss)/ income for the period</b>		<b>1.031.684</b>	<b>3.647.760</b>	<b>(2.802.831)</b>	<b>16.530.404</b>
<b>Allocation of net (loss)/ income for the period</b>					
Attributable to non-controlling interests		(14.397)	(15.453)	(42.340)	(5.855)
Attributable to equity holders of the Parent Company (Loss)/ earning per share attributable to equity holders of the Parent Company	27	1.046.081	3.663.213	(2.760.491)	16.536.259
Earning per share attributable to equity holders of the Parent Company from continued operations		0,010	0,035	(0,026)	0,157
		0,010	0,035	0,020	0,053

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

**DOĞAN GAZETECİLİK A.Ş.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 1 JANUARY-30 JUNE 2012 AND 2011**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 1 January- 30 June 2012	Not Reviewed 1 April- 30 June 2012	Reviewed 1 January- 30 June 2011	Not Reviewed 1 April- 30 June 2011
<b>Net income/ (loss) for the period</b>		1.031.684	3.647.760	(2.802.831)	16.530.404
<b>Total comprehensive income</b>		<b>1.031.684</b>	<b>3.647.760</b>	<b>(2.802.831)</b>	<b>16.530.404</b>
<b>Allocation of total comprehensive (expense) / income:</b>					
Attributable to non-controlling interests		(14.397)	(15.453)	(42.340)	(5.855)
<b>Attributable to equity holders of the Parent Company</b>		<b>1.046.081</b>	<b>3.663.213</b>	<b>(2.760.491)</b>	<b>16.536.259</b>

(1) The related transfer transactions of Bağimsız Gazeteciler Yayıncılık A.Ş., one of the subsidiaries of the Group and all brands, royalties and domain names ("Milliyet brand sale") pertaining to the Milliyet Newspaper under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. were completed as of 2 May 2011. Four months statements of income for the periods ended 1 January-30 April 2011 and the profit from the sale and tax expense calculated is shown under net loss after tax expense from discontinued operations.

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

**DOĞAN GAZETECİLİK A.Ş.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS ENDED 1 JANUARY-30 JUNE 2012 AND 2011**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Share capital	Adjustments to share capital	Share premium	Restricted reserves	Retained earnings/ (accumulated losses)	Net profit/(loss) for the period	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
<b>Balances at 1 January 2011</b>	18	105.000.000	45.910.057	82.060.000	1.619.190	(10.350.341)	(16.528.807)	207.710.099	285.000	207.995.099
Transfers		-	-	-	466.773	(16.995.580)	16.528.807	-	-	-
Total comprehensive loss		-	-	-	-	-	(2.760.491)	(2.760.491)	(42.340)	(2.802.831)
<b>Balances at 30 June 2011</b>	18	105.000.000	45.910.057	82.060.000	2.085.963	(27.345.921)	(2.760.491)	204.949.608	242.660	205.192.268
<b>Balances at 1 January 2012</b>	18	105.000.000	45.910.057	82.060.000	2.085.963	(27.345.921)	8.890.724	216.600.823	404.392	217.005.215
Transfers		-	-	-	-	8.890.724	(8.890.724)	-	-	-
Total comprehensive income		-	-	-	-	-	1.046.081	1.046.081	(14.397)	1.031.684
<b>Balances at 30 June 2012</b>	18	105.000.000	45.910.057	82.060.000	2.085.963	(18.455.197)	1.046.081	217.646.904	389.995	218.036.899

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



**DOĞAN GAZETECİLİK A.Ş.**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
INTERIM PERIODS ENDED 30 JUNE 2012 AND 2011**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 30 June 2012	Reviewed 30 June 2011
Profit before income taxes from continued operations		1.639.275	7.427.205
Loss before income taxes from discontinued operations		-	882.163
<b>Adjustments:</b>			
Depreciation expenses	10,11	1.121.499	1.410.563
Amortisation expenses	12	659.873	1.470.906
(Gain)/ loss/ on disposal of property, plant and equipment, intangible assets and investment property, net	22	293.871	64.847
Accrual for unearned finance expense due to purchases with maturity	7	352.677	311.921
Accrual for unearned finance income due to sales with maturity	28	(125.712)	(126.284)
Profit from barter transactions		(1.213.479)	(1.689.957)
Interest expense	24	59.860	809.575
Interest income	23	(453.479)	(721.582)
Provision for doubtful receivables	7	830.279	358.173
Provision for unused vacation liability	17	258.909	986.881
Reversal of provision for employment termination benefit	16	(166.758)	5.502.000
Reversal of provision for impairment on inventory	9	(325.820)	(780.915)
Gain on sale of subsidiary		-	(19.459.165)
Unrealized foreign exchange expense		-	1.595.587
Loss on sale of available for sale financial assets		-	32.075
<b>Adjustments to reconcile profit before income taxes to net cash (used in)/ provided by operating activities</b>		<b>2.930.995</b>	<b>(1.926.007)</b>
Decrease/ (increase) in trade receivables		2.453.324	(3.306.320)
Decrease/ (increase) in receivables from related parties		(385.473)	3.500.350
Decrease/ (increase) in inventories		(191.882)	4.380.699
Decrease/ (increase) in other current receivables		-	(370.757)
Decrease/ (increase) in other current/non-current assets		(1.228.804)	735.877
Decrease/ (increase) in other non-current receivables		50.577	(12.832.538)
(Decrease)/ increase in trade payables		1.505.567	1.199.015
(Decrease)/ increase in payable to related parties		(7.268.344)	(11.698.867)
(Decrease)/ increase in other payables		(2.185.327)	183.376
(Decrease)/ increase in provisions		2.159.600	2.491.895
(Decrease)/ increase in other current liabilities		(475.926)	3.537.242
Income taxes paid		(560.277)	(276.426)
Employment termination benefits paid	16	(568.390)	(555.890)
<b>Net cash (used in)/ provided by operating activities</b>		<b>(3.764.360)</b>	<b>(14.937.951)</b>
<b>Investing activities:</b>			
Purchase of property, plant and equipment	11	(4.094.705)	(467.573)
Purchase of intangible assets	12	(8.416)	(77.109)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		1.354.001	1.342.310
Cash provided from sale of subsidiary		20.114.087	27.423.596
Proceeds from sale of available for sale financial assets		-	19.515
<b>Net cash provided by investing activities</b>		<b>17.364.967</b>	<b>28.240.739</b>
<b>Financing activities:</b>			
Decrease in borrowings		(5.165.940)	(4.744.117)
Interest paid		(59.860)	(762.489)
Interest received		453.479	721.582
<b>Net cash (used in)/ provided by financing activities</b>		<b>(4.772.321)</b>	<b>(4.785.024)</b>
Net change in cash and cash equivalents		8.828.286	8.517.764
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>340.102</b>	<b>5.315.413</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>9.168.388</b>	<b>13.833.177</b>

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

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Doğan Gazetecilik A.Ş. (“the Company”), its subsidiaries and its joint venture (together “the Group”) operate in the media sector; mainly in newspaper and magazine publishing, and undertake related distribution and sales activities.

The Company’s parent company is Doğan Yayın Holding A.Ş. (“Doğan Yayın Holding”), ultimate parent company is Aydın Doğan and Doğan Family.

The address of the registered office is as follows:

Doğan Gazetecilik A.Ş.  
Kuştepe Mah. Mecidiyeköy Yolu Trump Towers Kule 2 Kat: 7-8-9 No: 12 Mecidiyeköy/İstanbul  
Turkey

The Company is registered in the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1993. In accordance with the Capital Markets Board’s (the “CMB”) Resolution No: 21/655 issued on 23 July 2011, it is regarded that 5,47% (31 December 2011: 5,23%) of the shares are outstanding as of 30 June 2012. 41,39% of the shares of Doğan Gazetecilik capital are publicly available as of 30 June 2012 based on the Central Registry Agency A.Ş.’s (“CRA”) records (Note 18).

### *Subsidiaries*

The table below sets out all subsidiaries included in the scope of consolidation at 30 June 2012 and 31 December 2011:

<b>Subsidiaries</b>	<b>Registered country</b>	<b>Nature of business</b>
Posta Haber Ajansı A.Ş. (“Posta Haber”) <sup>(1)</sup>	Turkey	News agency
Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. <sup>(1)</sup> (“Doğan Gazetecilik İnternet”)	Turkey	Internet publishing

The Group’s filed application in relation to the transfer of all brands, royalties and domain names (milliyet.com.tr; milliyet.com; milliyetemlak.com.tr etc.) pertaining to the Milliyet Newspaper in consideration of US\$ 47.960.000 including 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 129.000.000 of capital in consideration of US\$ 26.000.000 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.

<sup>(1)</sup> Corporate titles of Milliyet İnternet Hizmetleri ve Ticaret A.Ş. and Milliyet Haber Ajansı A.Ş have been changed and registered as Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. as of 4 July 2011 and as Posta Haber Ajansı A.Ş. on 7 July 2011.

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

##### *Joint venture*

The table below sets out the joint venture included in the scope of consolidation at 30 June 2012 and 31 December 2011:

	Registered country	Nature of business	Joint venture partner
Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti.	Turkey	Internet publishing	Doğan Portal ve Elektronik Tic. A.Ş.

#### 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") sets out principles and procedures on the preparation, presentation and disclosure of financial statements prepared by companies in accordance with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods beginning from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards of the Capital Markets". The Communiqué requires companies to prepare their financial statements in accordance with International Financial Reporting Standards ("IASs/IFRSs") adopted by the European Union. However companies will apply IASs/IFRSs issued by the IASB until the differences of the IAS/IFRS adopted by the European Union from those issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"). Therefore, TASB's, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TASs/TFRSs") that are in line with the aforementioned standards will be adopted in reporting.

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements, IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied since 1 January 2005.

Until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by the TASB, financial statements are prepared in accordance with IAS/IFRS under the CMB's Decree Volume: XI, No: 29. The accompanying financial statements and notes are presented in accordance with the standard format required by the announcement of the CMB's Decree Volume: XI, No: 29. The Company, its subsidiaries and its joint venture registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

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

#### 2.1.1 Financial reporting standards (Continued)

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.

#### 2.1.2 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Doğan Gazetecilik, its subsidiaries and its joint venture (collectively referred as the “Group”) according to the principles stated below from (a) to (d). The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1.1 and application of uniform accounting policies and presentations applied by the Group; adjustments and reclassifications. Significant accounting policies used in the preparation of these consolidated financial statements are summarized below.

##### (a) Subsidiaries

Subsidiaries are the companies over which the Company has the power to control the financial and operating policies for the benefit of itself, either (a) through the power to use more than 50% of the voting rights relating to shares in the companies owned directly and/or indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise though the power to exercise control over financial and operating policies. The operational results of subsidiary are included in the financial statements according to the effective dates of the Company’s acquisition.

The Subsidiaries’ balance sheets and statements of income have been consolidated on a line-by-line basis and the carrying value of the investments held by the Company and its subsidiaries are eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries have been eliminated during the consolidation.

The table below sets out the subsidiaries included in the scope of consolidation and shows its shareholding structure at 30 June 2012 and 31 December 2011:

	Proportion of voting power held by the Group (%) 30 June 2012	Proportion of voting power held by the Group (%) 31 December 2011
Doğan Gazetecilik İnternet <sup>(1)</sup>	98,19	98,19
Posta Haber <sup>(1)</sup>	86,85	86,85

<sup>(1)</sup> Corporate titles of Milliyet İnternet Hizmetleri ve Ticaret A.Ş. and Milliyet Haber Ajansı A.Ş have been changed and registered as Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. as of 4 July 2011 and as Posta Haber Ajansı A.Ş. on 7 July 2011.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.1.2 Consolidation principles (Continued)

##### (b) *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss in which the Group has controlling interests below 20%, or above 20% over which the Company does not exercise a significant influence, or which are immaterial and that do not have quoted market price in active markets and whose fair values cannot be measured reliably, are carried at cost less any provision for diminution in value and for the periods which inflation accounting is applied are carried at cost and restated to the equivalent purchasing power at the balance sheet date less any provision for diminution in value (Note 5).

##### (c) *Joint venture*

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements.

The table below sets out the joint venture included in the scope of consolidation and shows its shareholder structure at 30 June 2012 and 31 December 2011:

	Proportion of joint management (%) 30 June 2012	Proportion of joint management (%) 31 December 2011	Joint venture partner
Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti.	50	50	Doğan Portal ve Elektronik Tic. A.Ş.

##### (d) *Non-controlling interests*

The shares of non-controlling interests in the net assets and results for the period for subsidiaries are separately classified in the consolidated balance sheet and statements of income as non-controlling interests.

#### 2.1.3 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### 2.1.4 Comparative information

The financial statements of the Group are prepared comparatively with the previous period to enable the determination of the financial position and performance. The balance sheet of the Group at 30 June 2012 has been provided with the comparative financial information of 31 December 2011 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the interim period ended 1 January-30 June 2012 have been provided with the comparative financial information for the interim period ended 1 January-30 June 2011. 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 25).

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

##### 2.1.5 Adoption of New and Revised Standards

The following new and revised Standards and Interpretations have been adopted by the Group in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in the following sections.

**(a) New and Revised IFRSs affecting the reported financial performance and / or financial position of the Group**

*Amendments to IFRS 7 Disclosures – Transfers of Financial Assets*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 have a significant effect on the Group's disclosures because Doğan Factoring follows trade receivables related with advertising sales of Doğan Gazetecilik to the Group. Supplement explanations are given at Note 4.

**(b) Standards effective from 1 January 2012 but have no effect on the financial statements of the Company**

*Amendments to IAS 12 Deferred Taxes – Recovery of Underlying Assets*

**(c) New and Revised Standards and Interpretations not yet effective and have not been early adopted by the Company**

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

IFRS 9	<i>Financial Instruments</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>
Amendments to IAS 1	<i>Presentation of Items of Other Comprehensive Income</i>
IAS 19 (2011)	<i>Employee Benefits</i>
IAS 27 (2011)	<i>Separate Financial Statement</i>
IAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
Amendments to IAS 32	<i>Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities</i>

The above standards will be applicable for the years 2013 and onwards and the Group has not had an opportunity to consider the potential impact of the application of these standards over its financial statements. The Group would be expected to be mostly affected by the requirements of "IFRS 11 Joint Arrangements". "IFRS 11 Joint Arrangements" requires joint ventures to be accounted for by using the equity method instead of proportional consolidation method. This standard has not yet been adopted by the European Union.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

##### **Related parties**

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Şirketler Grubu Holding A.Ş. directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (immediate family members) 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 (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 28).

##### **Segmental reporting**

The Group does not present segmental reporting since it operates in one business line and one geographical region.

##### **Trade receivables and provision for doubtful receivables**

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short term receivables with no fixed interest rate are measured at cost unless the effect of imputing interest is significant (Note 7).

Provision is allocated for trade receivables if there is objective evidence that the Group will not be able to collect all amounts due. Additionally, the Group books provision for its receivables for which there are no guarantees or special agreements and which are overdue for more than one year. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. 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 other operating income following the write-down of the total provision amount.

##### **Financial assets**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as “available-for-sale”. The Group determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designations on a regular basis.

All financial assets are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Available-for-sale financial assets are subsequently re-measured at fair value if the fair values can be reliably measured.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Financial assets (Continued)

Financial assets in which the Group has an interest below 20% that do not have a quoted market price in an active market or other methods of making a reasonable estimate of fair value are clearly inappropriate or unavailable and their fair value cannot be measured reliably are carried at cost less any impairment loss, if any.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the statement of income. The Company management evaluates whether there is any impairment on inventories and the impairment amount if any, as of the balance sheet dates (Note 5).

##### Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined using the moving weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The Company management evaluates whether there is any impairment on inventories and the impairment amount if any, as of the balance sheet dates (Note 9).

##### 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 management by taking the purchase date and current status of the stocks into consideration.

##### Investment property and related depreciation

Buildings and land held to earn rent or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property. Investment properties are carried at cost less accumulated depreciation. Investment properties (except land) are amortised on a straight-line basis. Depreciation is calculated over the investment properties' book values. The depreciation periods for investment properties, which approximate the economic useful lives of such assets, is 50 years.

Buildings	50
Land and land improvements	10-15 years
Machinery and equipment related to building	5-15 years
Furnitures and fixtures	5-15 years

At each balance sheet date, the Group evaluates whether an indication of impairment on investment property exists. Where an indication of impairment exists; investment properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use (Note 10).



# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Property, plant, and equipment and related depreciation

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight-line basis (except land). Land is not depreciated as the useful life of land is deemed to be infinite.

The depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are as follows:

Buildings, land and land improvements	50 years
Machinery and equipment	5-15 years
Furnitures and fixtures	4-15 years
Motor vehicles	5 years
Leasehold improvements	5 years

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.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. 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.

Expenditures for the repair and renewal of property, plant and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset.

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 other operating income and expense accounts, as appropriate.

Repair and maintenance expenses are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or substantial improvement of the respective assets (Note 11).

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Goodwill

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.

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods (Note 13).

##### Intangible assets and related amortisation

Intangible assets comprise trademark, software, established information systems and other identified rights.

Intangible assets are recorded at their acquisition cost and amortised using the straight-line method over their estimated useful lives. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 12).

At each balance sheet date, the Group evaluates whether an indication of impairment over the intangible assets exists. Where an indication of impairment exists; intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The gain or loss arising on the sale of intangible assets is recognized under other operating income and expenses.

Estimated useful lives of the finite lived intangible assets are as follows:

Rights	5-10 years
Trademark	3-5 years

##### Web page development costs

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives. Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses (Note 12)

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### **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 years' 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.

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.

Significant temporary differences arise from the difference between the carrying values of deductible tax losses, provisions, property, plant and equipment, intangible assets and provision for employment termination benefits and tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 26). Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or 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. Current and deferred tax are recognized as expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination.

The Group management recognizes deferred tax assets based on taxable financial loss calculated by using the best estimates on projections (Note 26).

##### **Financial borrowings**

Financial borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Financial borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the consolidated statement of income as financial expense over the period of the borrowings (Note 28).

##### **Provision for employment termination benefits**

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws. The provision for employment termination benefits, as required by Turkish Labour Law, is recognised in these financial statements as the benefits are earned. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 16).

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

##### 2.2 Summary of Significant Accounting Policies (Continued)

###### **Provisions, contingent assets and liabilities**

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. 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.

Contingent assets mainly comprise of the possibility of an inflow of economic benefits, unplanned or other unexpected events. Contingent assets presented in the financial statements may result in the recognition of unrealized income, the aforementioned assets are not disclosed in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continuously in order to ensure related developments are presented fairly in the financial statements. If it has become virtually certain that an economic benefit will flow to the Group, the related income is disclosed in the financial statements in which the change occurs. The Group management makes calculations over the provisions disclosed in the financial statements using the best estimates.

###### **Share capital, dividends and share premium**

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 Company's shareholders.

###### **Foreign currency transactions**

Income and expenses arising in foreign currencies have been translated at the exchange rates of Central Bank of the Republic of Turkey prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the consolidated income statement.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### Revenue recognition

Revenue from newspaper sales is recognised on an accrual basis at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Revenue arising through advertising is recognised on an accrual basis at the time of publishing, at the invoiced values. Revenue from unpublished part of advertisements is recognized as deferred income in balance sheet. 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 the more clearly determinable of either the prevailing rate for a similar instrument of an issuer with a similar credit rating; or a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services

The difference between the nominal value and the fair value of sales price is recognized as finance income to the related periods. Net sales represent the invoiced value of goods shipped less giro premiums given to advertising agencies as a result of discounts, allowances, commissions and advertising income. Provision for newspaper sale returns are recorded at the time of sale, based on previous experience and other relevant factors.

##### *Interest income:*

Interest income is recognized on an accrual basis that takes into account the effective yield on the asset.

##### *Rental income:*

Rental income from investment property is recognized on an accrual basis.

##### *Service income:*

Service income consists of service income such as building contribution shares, electricity, heating and recognised on an accrual basis at the time of the service date over the invoiced amounts.

##### 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. Prior period consolidated statement of income is adjusted for comparative purposes and the 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 prepared for the period (Note 25).

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.2 Summary of Significant Accounting Policies (Continued)

##### **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 transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair values of goods and services received cannot be estimated reliably, the revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred (Note 15).

##### **(Loss)/ Earning per share**

Loss per share disclosed in the consolidated statements of income are determined by dividing net (loss)/ profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share 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. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration (Note 27).

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid assets, whose maturity at the time of purchase is three months or less (Note 4).

##### **Accounting policies, significant accounting estimates and changes and errors in accounting policies and estimates**

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. Accounting policies used in the current period except for the reclassifications disclosed in Note 2.1.4 are consistent with those that are used in the preparation of the consolidated financial statements for the periods ended 30 June 2011 and 31 December 2011.

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. Significant accounting policies used in the current period are consistent with those that are used in the preparation of the consolidated financial statements for the periods ended 30 June 2011 and 31 December 2011.

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

##### 2.2 Summary of Significant Accounting Policies (Continued)

###### Subsequent events

Subsequent events consist of all events between balance sheet date and date of authorization for validity, even if they have been existed after public explanation of an announcement about profit or other financial information.

The Group adjusts amounts in financial statements accordingly, when an operation or event to be adjusted exists after balance sheet date. 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 statement.

###### Reporting 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 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 (Note 4).

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 3 – JOINT VENTURES

The joint venture and the proportion joint management at 30 June 2012 and 31 December 2011 are as follows:

	Proportion of joint management (%) 30 June 2012	Proportion of joint management (%) 31 December 2011	Joint venture partner
Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti.	50		Doğan Portal 50 ve Elektronik Tic. A.Ş.

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities of the joint venture included in the consolidated financial statements and Note 2 in detail as of 30 June 2012 and 31 December 2011 by using the proportionate consolidation method are as follows:

Balance sheets:	30 June 2012	31 December 2011
Current assets	80.160	75.918
Non-current assets	3.081	3.081
<b>Total assets</b>	<b>83.241</b>	<b>78.999</b>
Current liabilities	34.133	754.373
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>34.133</b>	<b>754.373</b>
Equity	49.108	(675.374)
<b>Total liabilities and equity</b>	<b>83.241</b>	<b>78.999</b>

Income and expenses of the joint venture for the interim periods ended 30 June 2012 and 2011 are as follows:

	2012		2011	
Statements of income:	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Gross loss	-	-	-	-
Marketing, sales and distribution expenses	-	-	(9.523)	(7.007)
General administrative expenses	(1.791)	(1.123)	(627)	580
Other operating (expenses)/ income	1.372	-	(12.124)	(12.124)
<b>Operating loss</b>	<b>(419)</b>	<b>(1.123)</b>	<b>(22.274)</b>	<b>(18.551)</b>
Financial income	492	492	-	-
Financial expenses	(25.590)	(3.501)	(31.962)	(16.200)
<b>Loss before income taxes</b>	<b>(25.517)</b>	<b>(4.132)</b>	<b>(54.236)</b>	<b>(34.751)</b>
Current income tax charge	-	-	-	-
Deferred tax expense	-	-	(145)	(216)
<b>Net loss for the period</b>	<b>(25.517)</b>	<b>(4.132)</b>	<b>(54.381)</b>	<b>(34.967)</b>



## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 4 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012	31 December 2011
Cash	36.687	30.464
Banks		
- Demand deposits	295.310	246.643
- Time deposits	8.806.292	-
Other liquid assets	32.542	62.995
	<b>9.170.831</b>	<b>340.102</b>

The maturity analysis of cash and cash equivalents at 30 June 2012, 31 December 2011, 30 June 2011 and 31 December 2010 is as follows:

	30 June 2012	31 December 2011	30 June 2011	31 December 2010
Demand	364.539	340.102	2.045.338	2.036.558
Up to 3 months	8.806.292	-	11.810.363	3.279.440
<b>Total</b>	<b>9.170.831</b>	<b>340.102</b>	<b>13.855.701</b>	<b>5.315.998</b>

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 30 June 2012, 31 December 2011, 30 June 2011 and 31 December 2010 are as follows:

	30 June 2012	31 December 2011	30 June 2011	31 December 2010
Cash and cash equivalents	9.170.831	340.102	13.855.701	5.315.998
Less: accrued interest	(2.443)	-	(22.524)	(585)
<b>Cash and cash equivalents</b>	<b>9.168.388</b>	<b>340.102</b>	<b>13.833.177</b>	<b>5.315.413</b>

The Group does not have any foreign currency time deposits as of 30 June 2012 (31 December 2011: There isn't any foreign currency and TL denominated time deposits). Annual simple interest rate for foreign currency time deposits is 3,30%.

At 30 June 2012, cash and cash equivalents amounting to TL 12.972 (31 December 2011: TL 54.962) consist of credit card receivables.

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 5 - FINANCIAL ASSETS

The analysis of financial assets at 30 June 2012 and 31 December 2011 is as follows:

Available-for-sale investments	30 June 2012		31 December 2011	
	TL	Share capital (%)	TL	Share capital (%)
Milliyet Verlags Und Handels GMBH. <sup>(1)</sup>	860.267	17,42	860.267	17,42
Ak Enerji Elektrik Enerjisi A.Ş.	477	-	477	-
Doğan Dağıtım Satış ve Pazarlama A.Ş.	275	-	275	-
Doğan Dış Ticaret Mümessillik A.Ş.	4	-	4	-
Doğan Müzik Kitap Mağ. Paz. A.Ş.	3	-	3	-
Doğan Haber Ajansı A.Ş. <sup>(2)</sup>	-	<1,00	-	<1,00
Other	649.737	-	649.737	-
Provision for impairment	(1.492.768)		(1.492.768)	
<b>Total</b>	<b>17.995</b>		<b>17.995</b>	

(1) Milliyet Verlags und Handels GMBH in which the Group has 17,42% of participation has been in liquidation process as of 27 December 2010. The Group has ceased to consolidate Milliyet Verlags as of 13 June 2008 and has not classified the shares of Milliyet Verlags under discontinued operations as it has been identified as an available for sale asset. The Group recognized TL 843.031 of impairment loss in other operating expenses based on the assumption that Milliyet Verlags will have no asset following the liquidation process. As of 30 June 2012, the impairment on available for sale financial assets are reviewed by the Group management and no additional impairment is recognized.

(2) The shares of Doğan Haber Ajansı which are disclosed as available for sale financial assets by the Group, has been sold to Doğan Yayın Holding for TL 19.515 as of 17 June 2011 and TL 32.075 of loss on sale of subsidiary is recognized (Note 22).

The movements in the provision for the impairment of financial assets as of 30 June 2012 and 2011 are as follows:

	2012	2011
1 January	1.492.768	1.492.768
Increase/ (decrease) in the current period	-	-
<b>30 June</b>	<b>1.492.768</b>	<b>1.492.768</b>

#### NOTE 6 – FINANCIAL BORROWINGS

None.

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables at 30 June 2012 and 31 December 2011 is as follows:

<b>Short-term trade receivables</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Trade receivables	62.476.083	65.918.214
Notes receivables and cheques	2.933.916	2.767.481
<b>Sub-total</b>	<b>65.409.999</b>	<b>68.685.695</b>
Less: Unearned finance income due to sales with maturity	(352.677)	(345.370)
Less: Provision for doubtful receivables	(14.040.611)	(13.687.383)
<b>Total</b>	<b>51.016.711</b>	<b>54.652.942</b>

The average due date of the Group's trade receivables is 71 days as of 30 June 2012 (31 December 2011: 70 days). In accordance with the factoring contract signed with Doğan Faktoring Hizmetleri A.Ş., trade receivable amounting to TL 41.498.842 (31 December 2011: TL 45.517.157) regarding advertisement revenues is followed by Doğan Faktoring. Uncollection risk did not pass on during the transfer period. The average due date of the Group's trade receivables followed by Doğan Faktoring is 67 days (31 December 2011: 67 days). Unearned financial income due to trade receivables regarding advertisement revenues followed by Doğan Faktoring is TL 352.677 (31 December 2011: TL 345.370). Annual compound interest rate calculated related with the receivables followed by Doğan Faktoring is 14,03 % (31 December 2011: 14,4 %).

The movement in the provision for doubtful receivables as of 30 June 2012 is as follows:

	<b>2012</b>	<b>2011</b>
1 January	13.687.383	19.522.869
Provision booked in the current period (Note 22)	830.279	358.173
Provision booked from discontinued operations in the current period	-	1.246.619
Collections in the current period and reversals from prior periods	(477.051)	(154.662)
Reversal of provision from discontinued operations	-	(9.102.889)
<b>30 June</b>	<b>14.040.611</b>	<b>11.870.110</b>

<b>Short-term trade payables</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Trade payables	9.479.730	6.509.460
Cheque and bonds payables	-	1.500.000
	<b>9.479.730</b>	<b>8.009.460</b>

The average due date of trade payables as of 30 June 2012 is 52 days (31 December 2011: 52 days).

#### NOTE 8 - OTHER RECEIVABLES AND PAYABLES

The details of other receivables and payables at 30 June 2012 and 31 December 2011 are as follows:

<b>Other current receivables</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Notes receivables <sup>(1)</sup>	26.941.095	29.915.600
	<b>26.941.095</b>	<b>29.915.600</b>

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other non-current receivables	30 June 2012	31 December 2011
Notes receivables <sup>(1)</sup>	46.768.272	63.907.854
Deposits and guarantees given	29.680	59.770
	<b>46.797.952</b>	<b>63.967.624</b>

<sup>(1)</sup> Short-term and long-term notes receivables consist of the notes receivables received from the sales of shares of Bağımsız Gazeteciler and Milliyet brand to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011. Notes receivables are shown with their discounted value. Discount amount is TL 670.907 as of 30 June 2012 (31 December 2011: TL 985.281).

Other current payables	30 June 2012	31 December 2011
Taxes and funds payable	1.577.930	2.498.975
Payables to personnel	446.649	1.712.801
Other payables	369.423	363.570
Payables about purchase transactions	87.349	91.332
	<b>2.481.351</b>	<b>4.666.678</b>

#### NOTE 9 - INVENTORIES

The details of inventories at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012	31 December 2011
Promotion stocks	2.181.669	1.629.040
Finished goods and merchandise	484.749	777.585
Raw materials and supplies	181.759	249.669
	<b>2.848.177</b>	<b>2.656.294</b>
Less: Provision for impairment on inventories	(547.753)	(873.573)
	<b>2.300.424</b>	<b>1.782.721</b>

Promotion stocks are comprised of materials given together with the newspapers. Provision for impairment on inventories is related to the promotion stocks.

The movements of provision for impairment of inventories during the periods are as follows:

	2012	2011
1 January	873.573	2.926.796
Reversal of provision in the current period	(325.820)	(780.915)
Reversal of provision in the current period from discontinued operations	-	(1.581.792)
<b>30 June</b>	<b>547.753</b>	<b>564.089</b>

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 10 - INVESTMENT PROPERTY**

The movements in investment property for the interim periods ended 30 June 2012 and 2011 are as follows:

	<b>1 January 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer<sup>(1)</sup></b>	<b>30 June 2012</b>
Cost	27.489.524	1.178.183	(1.074.357)	22.500.345	50.093.695
Accumulated depreciation	(10.872.883)	(299.481)	8.361	(8.931.605)	(20.095.608)
<b>Net book value</b>	<b>16.616.641</b>				<b>29.998.087</b>
	<b>1 January 2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>Discontinued operations<sup>(*)</sup></b>	<b>30 June 2011</b>
Cost	23.140.370	2.312.249	(2.225.416)	(160.000)	23.067.203
Accumulated depreciation	(8.909.840)	(186.821)	63.132	533	(9.032.996)
<b>Net book value</b>	<b>14.230.530</b>				<b>14.034.207</b>

<sup>(1)</sup> Transfers are related to reclassification of land and building in Doğan Media Center rented to Hürriyet from property, plant and equipment to investment property.

TL 4.942.105 (30 June 2011: TL 5.509.691) of the investment property comprise of properties acquired by the Group in accordance with barter agreements, and TL 25.055.982 (30 June 2011: TL 8.524.516) comprise of leased buildings.

As of 30 June 2012, the Group management considers that the fair value didn't change significantly for the year 2012. The rent income from the buildings leased as of 30 June 2012 is TL 2.223.589 (30 June 2011: TL 1.356.306) (Note 22). The rent income from the related parties is TL 1.979.867 (30 June 2011: TL 1.356.306) (Note 28). As of 30 June 2012, there aren't any pledges or mortgages on investment property. There isn't any operating cost in the current period resulting from investment property as of 30 June 2012 (30 June 2011: None).

<sup>(\*)</sup> Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT**

The movements in property, plant and equipment for the interim periods ended 30 June 2012 and 2011 are as follows.

	<b>1 January 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer<sup>(1)</sup></b>	<b>30 June 2012</b>
<b>Cost</b>					
Land and land improvements	1.812.691	4.674	-	(1.817.365)	-
Buildings	21.304.092	-	-	(20.682.980)	621.112
Machinery and equipment	18.812.002	1.981.846	(13.676.572)	-	7.117.276
Motor vehicles	343.764	-	-	-	343.764
Furniture and fixtures	19.097.736	261.433	(16.180.133)	-	3.179.036
Leasehold improvements	79.237	1.846.752	-	-	1.925.989
	<b>61.449.522</b>	<b>4.094.705</b>	<b>(29.856.705)</b>	<b>(22.500.345)</b>	<b>13.187.177</b>
<b>Accumulated depreciation</b>					
Land and land improvements	(1.407.995)	(13.252)	-	1.421.247	-
Buildings	(7.734.877)	(146.731)	-	7.510.358	(371.250)
Machinery and equipment	(17.799.992)	(132.103)	13.404.087	-	(4.528.008)
Motor vehicles	(57.235)	(60.005)	-	-	(117.240)
Furniture and fixtures	(17.285.355)	(327.940)	15.870.692	-	(1.742.603)
Leasehold improvements	(24.473)	(141.987)	-	-	(166.460)
	<b>(44.309.927)</b>	<b>(822.018)</b>	<b>29.274.779</b>	<b>8.931.605</b>	<b>(6.925.561)</b>
<b>Net book value</b>	<b>17.139.595</b>				<b>6.261.616</b>

<sup>(1)</sup> Transfers are related to reclassification of land and building in Doğan Media Center rented to Hürriyet from property, plant and equipment to investment property.

As of 30 June 2012, there is no collateral or mortgage on property, plant and equipment (30 June 2011: None). TL 887.055 (Note 19) (30 June 2011: TL 637.597) of depreciation and amortization expense from continued operations was included in cost of sales and TL 854.237 (Note 20) (30 June 2011: TL 521.069) was included general administrative and TL 40.060 (30 June 2011: TL 37.886) was included in marketing, selling and distribution expenses (Note 20). TL 791.627 of depreciation expense and amortization was included in cost of sales and TL 893.289 was included in operating expenses that belongs to discontinued operations as of 30 June 2011. There isn't any asset acquired through finance lease of the Company.

(\*) Discontinued operations include the group's disposal of assets that are related to the sales of Bağimsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

	<b>1 January 2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>Discontinued Operations (*)</b>	<b>30 June 2011</b>
<b>Cost</b>					
Land and land improvements	1.747.382	38.444	-	-	1.785.826
Buildings	26.125.560	-	-	(5.000)	26.120.560
Machinery and equipment	20.419.078	27.614	(1.168.176)	(388.657)	18.889.859
Motor vehicles	766.309	-	(413.120)	(292.278)	60.911
Furniture and fixtures	26.041.513	401.515	(3.653.292)	(3.980.627)	18.809.109
Leasehold improvements	1.683.692	-	(126.272)	(1.523.426)	33.994
	<b>76.783.534</b>	<b>467.573</b>	<b>(5.360.860)</b>	<b>(6.189.988)</b>	<b>65.700.259</b>
<b>Accumulated depreciation</b>					
Land and land improvements	(1.370.026)	(18.232)	-	-	(1.388.258)
Buildings	(8.899.325)	(264.960)	-	-	(9.164.285)
Machinery and equipment	(18.766.089)	(157.243)	1.092.177	100.049	(17.731.106)
Motor vehicles	(290.316)	(285.129)	306.265	256.998	(12.182)
Furniture and fixtures	(23.301.840)	(306.301)	3,569,547	3,154,735	(16,883,859)
Leasehold improvements	(1,367,609)	(191,877)	-	1,550,243	(9,243)
	<b>(53,995,205)</b>	<b>(1,223,742)</b>	<b>4,967,989</b>	<b>5,062,025</b>	<b>(45,188,933)</b>
<b>Net book value</b>	<b>22,788,329</b>				<b>20,511,326</b>

(\*) Discontinued operations include the group's disposal of assets that are related to the sales of Bağimsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 12 - INTANGIBLE ASSETS**

The movements in intangible assets during the interim periods ended 30 June 2012 and 2011 are as follows:

	1 January 2012	Additions	Disposals		30 June 2012
<b>Cost</b>					
Rights	20.621.920	199	-		20.622.119
Other	2.318.918	8.217	-		2.327.135
	<b>22.940.838</b>	<b>8.416</b>	<b>-</b>		<b>22.949.254</b>
<b>Accumulated amortization</b>					
Rights	(7.324.120)	(615.171)	-		(7.939.291)
Other	(2.172.186)	(44.702)	-		(2.216.888)
	<b>(9.496.306)</b>	<b>(659.873)</b>	<b>-</b>		<b>(10.156.179)</b>
<b>Net book value</b>	<b>13.444.532</b>				<b>12.793.075</b>
	1 January 2011	Additions	Disposals	Discontinued Operations (*)	30 June 2011
<b>Cost</b>					
Trademark	57.781.640	-	-	(57.781.640)	-
Rights	22.343.361	9.747	-	(1.731.257)	20.621.851
Other	2.893.955	67.363	-	(663.760)	2.297.558
	<b>83.018.956</b>	<b>77.110</b>	<b>-</b>	<b>(60.176.657)</b>	<b>22.919.409</b>
<b>Accumulated amortization</b>					
Trademark	(6.616.585)	(781.751)	-	7.398.336	-
Rights	(6.244.671)	(628.545)	-	166.262	(6.706.954)
Other	(2.729.383)	(60.610)	-	660.820	(2.129.173)
	<b>(15.590.639)</b>	<b>(1.470.906)</b>	<b>-</b>	<b>8.225.418</b>	<b>(8.836.127)</b>
<b>Net book value</b>	<b>67.428.317</b>				<b>14.083.282</b>

(\*) Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011.



# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 13 - GOODWILL

The movements in goodwill for the six-month interim periods ended 30 June 2012 and 2011 are as follows:

	2012	2011
1 January	60.428.513	108.185.623
Transfer of share of subsidiary <sup>(1)</sup>	-	(47.757.110)
<b>30 June</b>	<b>60.428.513</b>	<b>60.428.513</b>

<sup>(1)</sup> 99,99% of its shareholding in the Group's subsidiary, all shares of Bağımsız Gazeteciler, have been sold as of 2 May 2011. TL 47.757.110 of goodwill arising from the acquisition of Bağımsız Gazeteciler is derecognized from the financial statements.

Group has recognized TL 60.428.513 resulting from the acquisition of Simge Yayıncılık A.Ş. on 31 December 2003 as goodwill. Cash flow projections have been prepared for 2011-2015 in relation to fair value measurement and such statement of cash flows are discounted for the determination of fair value.

The assumptions used in the value in use calculations as of 31 December 2011 are as below:

	EBITDA margin <sup>(1)</sup>	Discount rate <sup>(2)</sup>
Simge Yayıncılık A.Ş.	%10,36	%14,6

(1) Weighted average of EBITDA increase rate used to extrapolate projected cash flows following the budget period

(2) Weighted average cost of capital.

The Group has measured the recoverable value of goodwill and did not recognize any impairment as of 30 June 2012 (31 December 2011: Not recognized.)

### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The analysis of provisions, contingent assets and liabilities at 30 June 2012 and 31 December 2011 is as follows:

i. Short term provisions	30 June 2012	31 December 2011
Provision for lawsuits	4.886.129	4.012.104
Provision for personnel premium	1.056.554	-
Other	231.861	2.840
	<b>6.174.544</b>	<b>4.014.944</b>

Movements of provision for lawsuits during the periods are as follows:

	2012	2011
1 January	4.012.104	4.128.751
Increase during the year (Note 22)	1.109.677	297.188
Reversal of provision from discontinued operations	-	(1.223.482)
Reversal of provision in the current period	(235.652)	-
<b>30 June</b>	<b>4.886.129</b>	<b>3.202.457</b>

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### ii. Lawsuits filed against the Group

The nature and amount of the litigations ongoing against the Group at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
Legal cases	11.461.912	15.474.010
Labor cases	3.313.346	2.719.984
Commercial cases	2.286.622	1.929.512
Administrative cases	1.323.018	4.409.701
	<b>18.384.898</b>	<b>24.533.207</b>

As of 30 June 2012, the provision for lawsuits amounting to TL 4.886.129 (31 December 2011: TL 4.012.104) has been set aside with reference to the opinions of the Group's lawyers and past experiences of management related to similar litigations against the Group.

#### iii. Tax penalty

The Group doesn't have any tax reviews ongoing and the issues related to the current and prior periods tax penalties are summarized below.

##### *30 June 2011*

In regards to the tax notification which was served to the Group on 26 December 2008 relating to the 1 January 2003-31 December 2003 accounting period and amounting to TL 948.012 of actual tax charge (actual charge and penalty), no agreement was reached after the tax assessment made on 12 January 2010. Accordingly, the lawsuit resulted in favor of the Group amounts to TL 222.550 whereas the lawsuit resulted against the Group amounts to TL 725.462 (TL 280.364 of tax charge and TL 445.098 of tax penalty). The Company made an objection by the Council of State in relation to the lawsuits that are resulted against the Company, including the motion for stay of execution. The Council of State approved the objection made in regards to the lawsuit amounting to TL 725.462 and ruled for the stay of execution. The Group expects to make use of the requirements set out in relation to "undue and on trial tax liabilities in dispute" 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. All the necessary applications for the restructuring of the above tax assessments in relation to "undue and on trial tax liabilities in dispute" amounting to TL 725.462 is filed under Law No: 6111. Provision is booked for TL 461.037 of tax liability arising from the related transaction as of 31 March 2011 and the related amount was paid in cash on 30 June 2011.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 15 - COMMITMENTS

#### i. Letter of guarantees and guarantee notes given

Collaterals, pledges and mortgages (CPM) given by the Group at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012	31 December 2011
A. Total amount of the collaterals given for its own legal entity <sup>(1)</sup>	8.063.444	10.362.558
B. Collaterals given on behalf of fully consolidated companies	2.139.146	1.953.246
C. CPM given on behalf of the third parties' debt for the continuation of their economic activities	-	-
D. Total amount of other CPM		
i. Given on behalf of majority shareholder	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-
<b>TOTAL</b>	<b>10.202.590</b>	<b>12.315.804</b>

(1) Amounts comprise of collaterals and there are no pledges or mortgages. Collaterals, pledges and mortgages are given to executive offices, courts, customs offices, the National Lottery. There aren't any collaterals, pledges and mortgages in foreign currency.

All the CPM's are given on behalf of the Company as of 30 June 2012 and 31 December 2011.

All the CPM's are given on behalf of the Company as of 30 June 2012, other CPM given by the Group to equity ratio is 0,0% as of 30 June 2012 (31 December 2011: 0,0%).

#### ii. Barter agreements

The Group has entered into barter agreements which involve the exchange of goods or services without cash collections or payments. In connection with the barter agreements as of 30 June 2012, the Group is under obligation to provide advertisement services to Group and non-group companies amounting to TL 640.490 TL (31 December 2011: TL 647.352) and TL 1.595.890 respectively (31 December 2011: TL 1.659.402). The Group has the right to purchase various types of goods and render services amounting to TL 2.893.870 (31 December 2011: TL 3.025.497) regarding barter agreements). Total barter transactions income in the current period of the Group is TL 2.292.744 (30 June 2011: TL 3.773.528), barter transactions expense is TL 2.257.448 (30 June 2011: TL 3.228.358).

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Provision for employment termination benefits	7.062.268	7.797.416

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, or dies. At 30 June 2012 the amount payable consists of one month's salary limited to a maximum of TL 2.917,27 (31 December 2011: TL 2.731,85) for each year of service.

In addition, according to press sector regulations, companies should make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due cause. The maximum payable amount is 30 days' salary for each year of service. The liability is not funded, as there is no funding requirement.

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

IAS 19 "Employee Benefits", published by IASB, require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total provision for employment termination benefits of the Group:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Discount rate (%)	4,67	4,67
Turnover rate to estimate the probability of retirement (%)	87	87

The principal assumption is that the maximum liability of TL 2.917,27 (31 December 2011: TL 2.731,85) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 3.033,98 effective from 1 July 2012 (1 July 2011: TL 2.731,85) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits as of 30 June are as follows:

	<b>2012</b>	<b>2011</b>
1 January	7.797.416	13.364.200
Increase in the current period	372.998	1.651.630
Current period charge from discontinued operations	-	3.541.396
Reversal of provision from discontinued operations in the current period	(721.826)	(11.092.278)
Interest cost	182.070	308.974
Payments	(568.390)	(555.890)
<b>30 June</b>	<b>7.062.268</b>	<b>7.218.032</b>

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 - OTHER ASSETS AND LIABILITIES**

The details of other assets and liabilities at 30 June 2012 and 31 December 2011 is as follows:

**i. Other current assets**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Personnel advances	978.205	977.383
Prepaid expenses	874.250	467.846
Deferred VAT and other tax receivables	665.498	372.633
Income accruals	640.061	31.874
Job advances	172.843	254.834
Prepaid taxes and funds	294	220
	<b>3.331.151</b>	<b>2.104.790</b>

**ii. Other non-current assets**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Deferred VAT and other tax receivables	2.567.346	2.587.833
	<b>2.567.346</b>	<b>2.587.833</b>

**iii. Other current liabilities**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Provision for unused vacation liability	2.091.316	2.043.470
Deferred revenue	1.614.378	1.879.468
Other	448	220
	<b>3.706.102</b>	<b>3.923.158</b>

Movements in the provision for unused vacation liability for the periods are as follows:

	<b>2012</b>	<b>2011</b>
1 January	2.043.470	4.763.256
Additions during the period	258.909	986.881
Payments during the period	(211.063)	(240.546)
Reversal of provision from discontinued operations	-	(3.424.941)
<b>30 June</b>	<b>2.091.316</b>	<b>2.084.650</b>

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 18 - EQUITY

#### Issued Capital

The Company adopted the registered capital system available to companies registered with the CMB and set a limit on its registered capital representing registered type shares with a nominal value of TL 1.

There aren't any privileged shares in Doğan Gazetecilik. The Company's historical, authorized and issued capital at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012	31 December 2011
Limit on registered paid in capital	150.000.000	150.000.000
Authorized and issued paid in capital	105.000.000	105.000.000

The ultimate shareholders of Doğan Gazetecilik is Aydın Doğan and the Doğan Family. The details of shareholders' and shareholding structure of Doğan Gazetecilik is as follows as of 30 June 2012 and 31 December 2011:

Shareholders	30 June 2012		31 December 2011	
	Share %	TL	Share %	TL
Doğan Yayın Holding <sup>(1)</sup>	70,76	74.297.743	74.297.743	70,76
Other Shareholders (publicly traded on ISE) <sup>(2)</sup>	29,24	30.702.257	30.702.257	29,24
<b>Issued capital</b>	<b>100,00</b>	<b>105.000.000</b>	<b>105.000.000</b>	<b>100,00</b>
Adjustment to share capital		45.910.057	45.910.057	
<b>Total</b>		<b>150.910.057</b>	<b>150.910.057</b>	

(1) As of 30 June 2012 and 31 December 2011, 70,76% of the shares owned by Doğan Yayın Holding which corresponds to the 12,67% shares of Doğan Gazetecilik are publicly available in Istanbul Stock Exchange ("ISE").

(2) In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2011, it is regarded that 5,47% of the shares are outstanding (31 December 2011: 5,23%) as of 30 June 2012. 41,39% of the shares of Doğan Gazetecilik are publicly available based on the Central Registry Agency A.Ş.'s ("CRA") records.

There is no restrictions on the 70,76% of the share capital of Doğan Gazetecilik owned by Doğan Yayın Holding.

Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power.

#### Share premium

The share premium represents the difference between the nominal and sales amounts of initial public offering of shares.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 18 - EQUITY (Continued)**

*Share premium (continued)*

As of 31 December 2007, 22.000.000 units of shares with a nominal value of TL 1, corresponding to 22% of the Company capital were allocated to Deutsche Bank AG by Deutsche Securities Menkul Degerler A.Ş. with the transaction in ISE wholesales market on 19 November 2007, through restricting new share purchase completely, each share with TL 1 nominal value having the price of USD 4,0 (TL 4,73). Share premium arising in the amount of TL 82.060.000 was recognized in the equity capital.

*Restricted reserves*

Restricted reserves are reserves allocated from prior periods income, due to legal or contractual obligations or other purposes excluding profit distribution (example: to obtain tax advantage over the sale of subsidiaries).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that 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 paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share 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 paid-in share capital.

As of 30 June 2012, TL 2.085.963 of restricted reserves of the Company consists of legal reserves (31 December 2011: TL 2.085.963).

*Capital Reserves and Retained Earnings*

"Capital, Share Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. Equity inflation adjustment differences could have been utilised only in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted reserves" and "Share premiums" shall be carried at their statutory amounts. The valuation differences arised due to implementing the communiqué (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital" disclosed after "Paid-in capital";
- if the difference is due to the inflation adjustment of "Restricted reserves" and "Share premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained earnings/accumulated losses".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 18 - EQUITY (Continued)**

***Dividend payment:***

Open to public companies are subject to dividend requirements regulated by CMB as follows:

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2010. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to distribution in the financial statements prepared in accordance with Communiqué Serial XI, No: 29. As of the balance sheet date, there isn't any resources that may be subject to the profit distribution based on the statutory records amounts of the Company.

With the annual general meeting of the Company held on 21 June 2012, under the requirements of the CMB's Communiqué Serial:XI, No.29, based on the audited financial statements prepared for the period 1 January 2011-31 December 2011 in accordance with International Accounting Standards and International Financial Reporting Standards, Company's "Net Income for the Period" is calculated as TL 8.890.724 considering the "Net Loss after Income Taxes from Discontinued Operations", "Deferred Tax Charge" and "Current Income Tax Charge", and "Loss Attributable to Non-Controlling Interests"; and after deduction of accumulated losses amounting to TL 27.345.921 and the addition of donations amounting to TL 98.922, the Company has no "Net Distributable Profit for the Period" within the CMB's profit distribution regulations for the period 1 January-31 December 2011 and shareholders are informed regarding that no profit will be distributed and this issue has been approved by the General Assembly.



DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - SALES AND COST OF SALES

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Domestic sales, net	99.258.553	52.276.342	97.142.721	52.920.046
Cost of sales	(65.245.544)	(32.007.610)	(60.584.727)	(31.801.369)
<b>Gross profit</b>	<b>34.013.009</b>	<b>20.268.732</b>	<b>36.557.994</b>	<b>21.118.667</b>

The details of sales income and cost of sales for the interim periods ended 30 June 2012 and 2011 are as follows:

*Sales income*

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Newspaper sales income	50.579.722	24.731.361	48.676.585	24.291.901
Advertising income	46.881.902	26.496.464	47.199.959	27.914.167
Other income	1.796.929	1.048.517	1.266.177	713.978
<b>Sales income, net</b>	<b>99.258.553</b>	<b>52.276.342</b>	<b>97.142.721</b>	<b>52.920.046</b>

*Cost of sales*

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Raw material costs	35.638.593	17.477.039	32.180.693	16.926.559
Printing costs	12.325.364	5.896.246	10.303.280	5.402.894
Personnel costs	9.612.074	5.001.387	11.041.588	5.871.526
News and photography costs	1.046.516	522.961	651.675	321.422
Depreciation and amortization expenses (Note 10,11 and 12) <sup>(1)</sup>	887.055	427.147	637.597	351.012
Electric expenses	646.541	160.434	1.070.275	532.286
Other	5.089.401	2.522.396	4.699.619	2.395.670
	<b>65.245.544</b>	<b>32.007.610</b>	<b>60.584.727</b>	<b>31.801.369</b>

<sup>(1)</sup> As of 30 June 2011, TL 791.628 of depreciation and amortization amount derived from the subsidiary and Milliyet brand disposal is recognized under the discontinued operations account on 2 May 2011.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 20 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES****Marketing, selling and distribution expenses**

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Distribution expenses	8.427.838	4.384.634	6.866.737	3.567.473
Personnel expenses	4.645.246	2.414.103	5.377.705	3.109.424
Promotion expenses	2.764.102	2.042.303	4.029.268	2.555.584
Advertisement expenses	2.495.077	1.236.593	3.231.279	2.270.214
Presentation and marketing expenses	1.141.322	791.042	1.410.868	623.075
Depreciation and amortization expenses (Note 10, 11 and 12) <sup>(1)</sup>	40.060	19.184	37.886	22.840
Other	1.603.435	937.456	1.039.048	625.865
	<b>21.117.080</b>	<b>11.825.315</b>	<b>21.992.791</b>	<b>12.774.475</b>

<sup>(1)</sup> As of 30 June 2011, TL 43.715 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011.

**General administrative expenses**

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Personnel expenses	3.985.295	2.082.016	3.173.977	2.137.350
Consulting expenses	1.505.708	662.245	1.440.310	947.474
Depreciation and amortization expenses (Note 10, 11 and 12) <sup>(1)</sup>	854.257	373.704	521.069	361.836
Repair and maintenance expenses	420.404	201.133	502.741	466.692
Transportation expenses	258.869	113.178	233.831	172.001
Other	650.504	278.351	546.016	451.593
<b>Total</b>	<b>7.675.037</b>	<b>3.710.627</b>	<b>6.417.944</b>	<b>4.536.946</b>

<sup>(1)</sup> As of 30 June 2011, TL 849.574 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011.

**NOTE 21 - EXPENSES BY NATURE**

As of 30 June 2012 and 2011, expenses are disclosed by function and the details of the expenses is summarized in Note 19 and Note 20.

DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 22 - OTHER OPERATING INCOME/ EXPENSES**

The details of other operating income and expense for interim periods ended 30 June 2012 and 2011 are as follows:

**i. Other operating income:**

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Rent income	2.276.507	484.262	1.626.333	877.291
Reversed provisions	712.340	25.785	811.160	757.042
Income from tax return	-	-	287.013	287.013
Gain on sale of marketable securities	19.378	367	125.209	125.107
Gain on sale of property, plant and equipment	141.793	132.030	24.148	21.506
Other	73.012	56.792	175.207	151.159
<b>Total</b>	<b>3.223.030</b>	<b>699.236</b>	<b>3.049.070</b>	<b>2.219.118</b>

**ii. Other operating expenses:**

	2012		2011	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Tax base increase expense regarding 6111 law <sup>(1)</sup>	-	-	(2.075.847)	-
Competition authority penalty <sup>(2)</sup>	-	-	(2.069.321)	(892.128)
Provision for lawsuits (Note 14)	(1.109.677)	(671.757)	(2.300.063)	(2.031.023)
Provision for doubtful receivables (Note 7)	(830.279)	(458.765)	(358.173)	(61.609)
Loss on sale of property, plant and equipment	(435.664)	(423.641)	(88.995)	(88.995)
Loss on sale of subsidiary (Sale of shares of DHA) (Note 5)	-	-	(32.075)	(32.075)
Other <sup>(3)</sup>	(1.438.507)	(1.099.701)	(694.435)	(576.790)
<b>Total</b>	<b>(3.814.127)</b>	<b>(2.653.864)</b>	<b>(7.618.909)</b>	<b>(3.682.620)</b>

(1) Announced publicly as of 19 April 2011, the Group decides 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" ("Law No: 6111"), which has become effective upon the issuance in the Official Gazette No: 27857 (I.Bis) on 25 February 2011. TL 6.097.198 of liability had been paid as of 30 June 2011. TL 4.021.351 is related with the discontinued operations whereas TL 2.075.847 is related with the continued operations.

(2) As a result of the Competition Agency's investigation on the Company's policy on the advertisement break sales procedures in the print media; the Company has been charged with an administrative penalty amount of TL 2.759.095. Because the penalty payment mentioned above has been paid within 30 days as of the date of the notification, the penalty was calculated as 2.069.321 TL after 25% discount and paid at December 16, 2011.

(3) The Group has sold all Bağımsız Gazeteciler Yayıncılık A.Ş., subsidiary of the Group, and brands, royalties and domain names ("Milliyet brand sale") belonging to Milliyet Gazetesi operating under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011. All the financial liabilities incurred under the Labour Law in relation to the related personnel are the responsibility of the Group. TL 1.438.507 of other expenses for the interim period ended 30 June 2012, consists of TL 1.144.260 of employee termination and severance pay paid by the Group.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 23 - FINANCIAL INCOME**

The details of financial income for the interim periods ended 30 June 2012 and 2011 are as follows:

	<b>2012</b>		<b>2011</b>	
	<b>1 January- 30 June</b>	<b>1 April- 30 June</b>	<b>1 January- 30 June</b>	<b>1 April- 30 June</b>
Foreign exchange gains	5.064.682	3.811.921	5.003.713	4.793.017
Unearned finance income due to sales with maturity	1.795.560	732.624	1.114.560	696.513
Interest income	453.479	422.428	721.582	659.467
	<b>7.313.721</b>	<b>4.966.973</b>	<b>6.839.855</b>	<b>6.148.997</b>

**NOTE 24 - FINANCIAL EXPENSES**

The details of financial expenses for the interim periods ended 30 June 2012 and 2011 are as follows:

	<b>2012</b>		<b>2011</b>	
	<b>1 January- 30 June</b>	<b>1 April- 30 June</b>	<b>1 January- 30 June</b>	<b>1 April- 30 June</b>
Foreign exchange losses	(9.572.510)	(2.276.661)	(1.646.895)	(1.380.126)
Deferred finance expense due to purchases with maturity	(367.459)	(230.721)	(287.013)	(212.885)
Interest expenses	(59.860)	(25.751)	(809.575)	(403.490)
Other financial expenses	(304.412)	(126.504)	(246.587)	(171.137)
<b>Total</b>	<b>(10.304.241)</b>	<b>(2.659.637)</b>	<b>(2.990.070)</b>	<b>(2.167.638)</b>

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 25 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Group has sold all Bağımsız Gazeteciler Yayıncılık A.Ş., subsidiary of the Group, and brands, royalties and domain names belonging to Milliyet Gazetesi operating under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011. The operating results and the gain on sale of share until the sales of Bağımsız Gazeteciler and Milliyet are disclosed below.

	<b>30 April 2011</b>
Sales	49.426.215
Cost of sales (-)	(37.148.804)
<b>Gross profit</b>	<b>12.277.411</b>
Marketing, sales and distribution expenses (-)	(18.293.361)
General administrative expenses (-)	(6.264.640)
Other operating expenses (net)	(2.629.029)
Financial expenses (net)	(797.022)
<b>Loss before income tax from discontinued operations</b>	<b>(15.706.641)</b>
<b>Tax (expense) from discontinued operations</b>	
Current year tax charge	-
Deferred tax charge (Note 26)	(699.452)
<b>Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares</b>	<b>(16.406.093)</b>
Gain on sale of brand and subsidiary shares (Note 32)	16.588.804
Sales income tax expense	(6.541.267)
<b>Discontinued operations</b>	
Net income from discontinued operations (after income taxes)	<b>(6.358.556)</b>

(1) Net loss from discontinued operations is decreased by TL 3.113.274 compared to the amount previously reported as a result of the offsetting of provisions subsequent to the date of sale till the end of the balance sheet date.

**Cash used in discontinued operations:**

	<b>1 January- 30 April 2011</b>
Net cash (used in) operating activities	1.150.945
Net cash provided by/ (used in) investing activities	250.889
Net cash provided by financing activities	(939.578)
<b>Net cash (outflow)/ inflow</b>	<b>462.256</b>

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 26 - TAXATION

	30 June 2012	31 December 2011
Corporate and income taxes payable	829.534	13.104.828
Less: Prepaid taxes	(7.162)	(12.551.713)
<b>Taxes payable</b>	<b>822.372</b>	<b>553.115</b>

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.

Corporate Income Tax Law numbered 5520 was published in the official gazette numbered dated 13 June 2006 and most clauses has come into effect from 1 January 2006 .The corporation tax rate of the fiscal year 2012 is 20% (2011: 20%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilized within the scope of the Income Tax Law transitional article 61).

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (31 December 2011: 20%) on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to be set off against other liabilities to the government.

In accordance with Tax Law No.5024 Law Related to Changes in Tax Procedural Law. Income Tax Law and Corporate Tax Law that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities effective from 1 January 2004 income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the aforementioned laws' provisions, in order to apply inflation adjustment the cumulative inflation rate (SIS-WPI) over the last 36 months and 12 months must exceed 100% and 10% respectively. Inflation adjustment has not been applied as these conditions were not fulfilled since 1 January 2005.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within 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.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 26 – TAXATION (Continued)**

Under the Turkish taxation system tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. As publicly disclosed on 19 April 2011, the Company has decided to make use of the requirements of tax base increase set out in the Law No: 6111 "Restructuring of Specific Receivables and Social Insurance and General Health and Amendments to Some Laws and Requirements"; therefore 50% of losses attributable to the period(s) that the requirements are applied for tax base increase shall not be offset against profit for the year 2010 and following years profits.

The deferred tax asset calculated over the deductible accumulated losses in the financial statements prepared in accordance with the CMB regulations is in compliance with the principles described above. As a result, the Company has a total of accumulated tax losses amounting to TL 2.338.582 available for use for the year 2015.

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 domestic subsidiaries***

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.

***Deferred Taxes***

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements and their statutory tax financial statements as stated at Note 2. These differences usually result in the recognition of revenue and expenses in different reporting periods and tax purposes as stated at Note 2.

Deferred income 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 a principal tax rate of 20% (31 December 2011: 20%).

DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 26 – TAXATION (Continued)

The temporary differences giving rise to deferred income tax assets/ (liabilities) using the enacted tax rates as of 30 June 2012 and 31 December 2011 are as follows:

	Total temporary differences		Deferred tax assets/ (liabilities)	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Provision for employment termination benefits	7.062.268	7.797.416	1.412.454	1.559.483
Carry forward tax losses <sup>(1)</sup>	3.874.232	2.338.582	774.846	467.716
Provision for lawsuits	5.441.966	4.042.646	1.088.393	808.529
Unused vacation liability	2.091.316	2.043.370	418.263	408.674
Net difference between the tax base and carrying value of property, plant and equipment and intangible assets	535.569	1.646.387	107.114	329.277
Provision for doubtful receivables	830.179	1.671.369	166.036	334.274
Provision for impairment on inventories	547.753	873.573	109.551	174.715
Provision for personnel premium	1.115.237	-	223.047	-
Unearned interest income	352.677	345.370	70.535	69.074
<b>Deferred tax assets</b>	<b>21.851.197</b>	<b>20.758.713</b>	<b>4.370.239</b>	<b>4.151.742</b>
Difference between the tax base and carrying value of property, plant and equipment and intangible assets	(49)	-	(10)	-
Unearned finance expenses	(125.172)	(142.450)	(25.034)	(28.490)
<b>Deferred tax liabilities</b>	<b>(125.221)</b>	<b>(142.450)</b>	<b>(25.044)</b>	<b>(28.490)</b>
<b>Deferred tax assets, net</b>			<b>4.345.195</b>	<b>4.123.252</b>
<b>Deferred tax assets:</b>			<b>30 June 2012</b>	<b>31 December 2011</b>
To be recovered after one year			2.294.414	2.357.757
To be recovered within one year			2.075.825	1.793.985
<b>Total</b>			<b>4.370.239</b>	<b>4.151.742</b>
<b>Deferred tax liabilities:</b>			<b>30 June 2012</b>	<b>31 December 2011</b>
To be recovered after one year			(10)	-
To be recovered within one year			(25.034)	(28.490)
<b>Total</b>			<b>(25.044)</b>	<b>(28.490)</b>



**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 26 – TAXATION (Continued)**

The years for which the financial losses can be used are proposed below:

	30 June 2012	31 December 2011 <sup>(1)</sup>
2012	1.739	1.739
2013	36.057	36.057
2014	674.006	674.006
2015	1.626.780	1.626.780
2016	1.535.650	-
<b>Total</b>	<b>3.874.232</b>	<b>2.338.582</b>

<sup>(1)</sup> Maximum discountable amounts for the accumulated financial losses of the related period are presented in accordance with the requirements of Law No: 6111.

The movements in deferred tax assets/ (liabilities) for the interim periods ended 30 June 2012 and 2011 are as follows:

	2012	2011
1 January	4.123.252	2.127.525
Deferred tax benefit/ (charge)	221.943	(951.229)
Current period charge from discounted operations (Note 25)	-	(699.452)
Deferred income tax charge from discontinued operations	-	3.286.022
<b>30 June</b>	<b>4.345.195</b>	<b>3.762.866</b>

The tax expense for the interim periods ended 30 June 2012 and 2011 is summarized as follows:

	30 June 2012	30 June 2011
- Current period corporate tax	(829.534)	(2.920.251)
- Deferred tax income/ (charge)	221.943	(951.229)
<b>Total tax expense</b>	<b>(607.591)</b>	<b>(3.871.480)</b>

The reconciliation of the taxation on income in the consolidated statement of income for periods ended 30 June 2012 and 2011 and the taxation on income calculated with the current tax rate over income before tax is as follows:

	30 June 2012	30 June 2011
Profit before tax from continuing operations	1.639.275	7.427.205
Income tax rate 20% (2011: 20%)	(327.855)	(1.485.441)
Effects of carry forward tax losses over which deferred tax asset is not recognized	(122.660)	(142.360)
Expenses not subject to tax	(209.434)	(2.362.691)
Income not subject to tax	172.566	-
Other	(120.208)	119.012
<b>Total</b>	<b>(607.591)</b>	<b>(3.871.480)</b>

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 27 – 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.

	30 June 2012	30 June 2011
Net profit/ (loss) for the period attributable to equity holders of the parent company	1.046.081	(2.760.491)
Weighted average number of shares with face value of TL 1 each	105.000.000	105.000.000
<b>Loss per share</b>	<b>0,010</b>	<b>(0,026)</b>

  

	30 June 2012	30 June 2011
Net loss for the period from discontinued operations	-	(6.358.556)
Net profit for the period from continuing operations attributable to equity holders of the parent company	1.046.081	3.598.065
Weighted average number of shares with face value of TL 1 each	105.000.000	105.000.000
<b>Earning per share from continuing operations</b>	<b>0,010</b>	<b>0,034</b>

**NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

For the purpose of these consolidated financial statements, related parties are referred to as legal entities in which Doğan Şirketler Grubu Holding A.Ş. directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (immediate family members) 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 (immediate family members) 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 30 June 2012 and 2011 are summarized as below:

**a) Due from related parties:**

	30 June 2012	31 December 2011
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") <sup>(1)</sup>	3.114.628	3.202.827
Medyanet İletişim Reklam Paz. Turizm A.Ş. ("Medyanet") <sup>(2)</sup>	1.276.762	746.130
Doğan Portal ve Elektronik Tic. A.Ş.	769.794	753.833
Mozaik İletişim	33.341	-
Doğan Elektronik Şans Oyunları	24.780	-
Other	120.045	251.087
<b>Total</b>	<b>5.339.350</b>	<b>4.953.877</b>

(1) Doğan Dağıtım distributes the daily newspapers of the Group.

(2) The sales made to Medyanet consists of the receivables from the internet advertising sales made from the websites.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

<b>b) Due to related parties:</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") <sup>(2)</sup>	8.572.991	8.222.394
Kanal D <sup>(1)</sup>	2.200.000	9.508.335
Milpa Ticari Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa")	640.490	647.350
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	448.239	416.828
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	390.519	766.531
Ortadoğu Otomotiv Ticaret A.Ş.	373.142	-
Doğan Holding	349.411	-
Işıl İthalat ve İhracat Mümessillik A.Ş. ("Işıl İthalat İhracat")	305.360	628.465
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Dış Ticaret")	128.399	382.221
Doğan Yayın Holding	63.675	319.915
D Yapı	1.661	-
Doğan İletişim Elektronik Servis Hizmetleri ve Yayıncılık A.Ş. ("Doğan Online")	-	135.898
Doğan Faktoring Hizmetler A.Ş. ("Doğan Faktoring")	-	40.920
Other	197.320	13.684
	<b>13.671.207</b>	<b>21.082.541</b>
Less: Unearned finance expense due to purchases with maturity	(125.172)	(142.450)
	<b>13.546.035</b>	<b>20.940.091</b>

(1) Due to Kanal D consists of the advertising expenses related with the advertisement of newspapers shown in televisions.

(2) Due to Hürriyet is related with printing of the Group newspapers in Hürriyet printing centers.

**c) Financial borrowings to related parties:**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Doğan Faktoring <sup>(1)</sup>	-	5.165.940
	-	<b>5.165.940</b>

(1) Other financial liabilities consist of the short-term financial borrowings from Doğan Faktoring. The related financial borrowings were paid in January 2012.

**d) Service and product sales to related parties:**

	<b>30 June 2012</b>	<b>30 June 2011</b>
Doğan Dağıtım <sup>(1)</sup>	50.496.511	65.841.978
Medyanet A.Ş. <sup>(2)</sup>	1.108.594	3.285.316
Kanal D <sup>(3)</sup>	722.165	1.916.309
Hürriyet	288.837	42.349
Doğan Holding	75.875	75.833
Doğan TV Dijital Platform İşletmeciliği A.Ş. ("Doğan TV Dijital")	73.819	547.229
Doğan TV Radyo	35.061	-
Doğan Egmont	10.305	155.922
Other	175.508	1.168.170
	<b>52.986.675</b>	<b>73.033.106</b>

(1) Doğan Dağıtım distributes the daily newspapers of the Group. TL 17.594.499 of the sales is related with the discontinued operations as of 30 June 2011.

(2) The sales made to Medyanet consist of the internet advertising sales made from the websites.

(3) The amount of Kanal D consists of the advertising sales.

**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)****e) Service and product purchases from related parties:**

	<b>30 June 2012</b>	<b>30 June 2011</b>
Işıl İthalat İhracat <sup>(1)</sup>	24.256.528	32.312.769
Dış Ticaret <sup>(1)</sup>	12.847.458	15.188.631
Hürriyet <sup>(2)</sup>	11.487.063	14.567.685
Doğan Ofset	1.694.150	1.023.866
Other	1.253.918	1.964.218
	<b>51.539.117</b>	<b>65.057.169</b>
Less: Unearned finance expense due to purchases with maturity	(367.458)	(399.244)
	<b>51.171.659</b>	<b>64.657.925</b>

(1) The Group purchases most of its raw materials like paper, printing materials from Doğan Dış Ticaret and Işıl İthalat İhracat. TL 12.184.968 of cost is related to the discontinued operations as of 30 June 2011.

(2) The newspapers of the Group are printed in the printing houses of Hürriyet.

**f) Other significant transactions with related parties:****Other income/ (expenses), net**

	<b>30 June 2012</b>	<b>30 June 2011</b>
Doğan TV <sup>(1)</sup>	1.476.110	1.356.306
Hürriyet	442.012	(425.471)
Doğan Burda	-	(266.884)
Other	51.603	9.976
	<b>1.969.725</b>	<b>673.927</b>

(1) Consists of rent income from Doğan TV. Other rent income from related parties is as follows, TL 452.147 from Hürriyet, TL 14.410 from Doğan Faktoring, TL 14.340 from Doğan TV Dijital Platform totaling TL 1.979.867 (30 June 2011: TL 1.356.306) (Note 10).

**Financial (expenses)/ income, net**

	<b>30 June 2012</b>	<b>30 June 2011</b>
Kanal D	-	(283.520)
Doğan Faktoring	(150.825)	(181.092)
Other	-	(5.260)
<b>Financial expenses</b>	<b>(150.825)</b>	<b>(469.872)</b>

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

##### General administrative, marketing, selling and distribution expenses:

	30 June 2012	30 June 2011
Doğan Dağıtım <sup>(1)</sup>	8.792.115	9.958.275
D Yapım Reklamcılık ve Dağıtım A.Ş.	467.828	1.142.475
Hürriyet	233.666	95.257
Kanal D	163.150	3.573.547
Doğan Burda	61.829	-
Star TV	-	1.957.027
Doğan Yayın Holding	4.456	972.020
Other	94.723	483.305
	<b>9.817.767</b>	<b>18.181.906</b>

(1) Distribution and transportation service is received from Doğan Dağıtım.

##### g) Remuneration paid to top management:

The Group defined its top management personnel as board of directors' members and executive board members. Remuneration of top management includes salaries, premiums, health insurance and transportation benefits and is explained below.

	30 June 2012	30 June 2011
Wages and other short-term benefits	1.716.387	1.729.631
Other long-term benefits	-	-
Benefits after termination	-	-
Benefits for termination	-	-
<b>Total</b>	<b>1.716.387</b>	<b>1.729.631</b>

#### NOTE 29 - FINANCIAL RISK MANAGEMENT

##### *Financial risk management*

The Group's activities expose it to a variety of financial risks; these risks are 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, credit 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.

Financial risk management is carried out by individual subsidiaries under policies, which are approved by their Board of Directors within the limits of general principles, set by the Company.

##### **Market risk**

##### *Interest rate risk*

The Group management 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.

# DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The Group's interest rate sensitive financial instruments are as follows:

Financial instruments with fixed interest rate	30 June 2012	31 December 2011
Financial assets	8.806.292	-
- Designated as fair value through profit or loss <sup>(1)</sup> (Note 4)	8.806.292	-
- Available for sale financial assets	-	-
Financial liabilities (Note 28)	-	5.165.940

<sup>(1)</sup> Financial assets designated as fair value through profit or loss consists of fixed interest rate time deposits with maturity less than three months.

#### 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. Foreign exchange risk arises due to the future transactions, assets and liabilities recognized. The Group manages this risk thorough offsetting foreign currency assets and liabilities. These risks are monitored and limited by analyzing foreign currency position.

	30 June 2012	31 December 2011
Assets	82.569.737	98.916.537
Liabilities	-	(91.333)
<b>Net foreign currency position</b>	<b>82.569.737</b>	<b>98.825.204</b>

As of 30 June 2012 Currency amounts in assets and liabilities translated with these rates: 1,8065 TL = 1 USD, 2,2742 TL = 1 EURO (31 December 2011: 1,8889 TL = 1 USD ve 2,4438 TL = 1 EURO).

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

30 June 2012	TL Equivalent	USD	Euro	Other
1. Trade Receivables	26.941.095	26.941.095	-	-
2a. Monetary Financial Assets (Cash, Banks included)	8.860.370	8.824.958	21.796	13.616
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>35.801.465</b>	<b>35.766.053</b>	<b>21.796</b>	<b>13.616</b>
5. Trade Receivables	46.768.272	46.768.272	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>46.768.272</b>	<b>46.768.272</b>	-	-
<b>9. Total assets (4+8)</b>	<b>82.569.737</b>	<b>82.534.325</b>	<b>21.796</b>	<b>13.616</b>
10. Trade Payables	-	-	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-current Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-
19.b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>82.569.737</b>	<b>82.534.325</b>	<b>21.796</b>	<b>13.616</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>82.569.737</b>	<b>82.534.325</b>	<b>21.796</b>	<b>13.616</b>
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Exports	-	-	-	-
24. Imports	-	-	-	-

## DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011	TL Equivalent	USD	Euro	Other
1. Trade Receivables	31.747.379	31.747.379	-	-
2a. Monetary Financial Assets (Cash, Banks included)	25.452	13.274	4.958	7.220
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>31.772.831</b>	<b>31.760.653</b>	<b>4.958</b>	<b>7.220</b>
5. Trade Receivables	67.143.706	67.143.706	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>67.143.706</b>	<b>67.143.706</b>	-	-
<b>9. Total assets (4+8)</b>	<b>98.916.537</b>	<b>98.904.359</b>	<b>4.958</b>	<b>7.220</b>
10. Trade Payables	91.333	91.333	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>91.333</b>	<b>91.333</b>	-	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-current Liabilities (14+15+16)</b>	-	-	-	-
<b>18. Total Liabilities (13+17)</b>	<b>91.333</b>	<b>91.333</b>	-	-
<b>19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)</b>	-	-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-
19.b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>98.825.204</b>	<b>98.813.026</b>	<b>4.958</b>	<b>7.220</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>98.825.204</b>	<b>98.813.026</b>	<b>4.958</b>	<b>7.220</b>
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Exports	-	-	-	-
24. Imports	-	-	-	-



**DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

Group is exposed to US Dollar and Euro, mainly. The analysis of sensitivity to foreign currency is as follows:

30 June 2012	Profit/Loss	
	Foreign currency appreciates	Foreign currency depreciates
<b>If the USD had changed by 10% against the TL</b>		
USD net (liability)/asset	8.253.433	(8.253.433)
Hedging amount of USD	-	-
<b>USD net effect on income/ (loss)</b>	<b>8.253.433</b>	<b>(8.253.433)</b>
EUR net (liability)/asset	2.180	(2.180)
Hedging amount of EUR	-	-
<b>EUR net effect on income/ (loss)</b>	<b>2.180</b>	<b>(2.180)</b>

31 December 2011	Profit/Loss	
	Foreign currency appreciates	Foreign currency depreciates
<b>If the USD had changed by 10% against the TL</b>		
USD net (liability)/asset	9.881.303	(9.881.303)
Hedging amount of USD	-	-
<b>USD net effect on income/ (loss)</b>	<b>9.881.303</b>	<b>(9.881.303)</b>
<b>If the EUR had changed by 10% against the TL</b>		
EUR net (liability)/asset	496	(496)
Hedging amount of EUR	-	-
<b>EUR net effect on income/ (loss)</b>	<b>496</b>	<b>(496)</b>

**Credit risk**

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

The maximum exposure of the Group to credit risk as of 30 June 2012 and 31 December 2011 is as follows:

DOĞAN GAZETECİLİK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

30 June 2012	Trade receivables		Other receivables		Cash and cash equivalents	Derivative instruments	Other
	Related Party	Other	Related Party	Other			
Maximum credit risk exposure as of balance sheet date	5.339.350	51.016.711	-	73.709.367	9.170.831	-	-
- <i>Collateralized or secured with guarantees part of maximum credit risk</i>	-	9.834.847	-	-	-	-	-
A. Neither past due nor impaired	4.558.404	14.434.197	-	73.709.367	9.170.831	-	-
- <i>Guaranteed amount by commitment</i>	-	32.279	-	-	-	-	-
B. Restructured otherwise accepted as past due and impaired	-	-	-	-	-	-	-
C. Past due but not impaired	780.946	36.582.514	-	-	-	-	-
- <i>Guaranteed amount by commitment</i>	-	9.802.568	-	-	-	-	-
D. Impaired asset net book value	-	-	-	-	-	-	-
- Past due (gross amount)	-	14.040.611	-	-	-	-	-
- Impairment (-)	-	(14.040.611)	-	-	-	-	-
- 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	-	-	-	-	-	-	-

(1) Deposits and guarantees given in other non-current receivables amounting to TL 29.680 are not included as of 30 June 2012.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011	Trade receivables		Other receivables		Cash and cash equivalents	Derivative instruments	Other
	Related Party	Other	Related Party	Other			
Maximum credit risk exposure as of balance sheet date	4.953.877	54.652.942	-	93.823.454	340.102	-	-
- Collateralized or secured with guarantees part of maximum credit risk	-	11.666.219	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	4.226.394	30.452.087	-	93.823.454 <sup>(1)</sup>	340.102	-	-
- Guaranteed amount by commitment	-	1.617.204	-	-	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-	-	-
C. Past due but not impaired	727.483	24.200.855	-	-	-	-	-
- Guaranteed amount by commitment	-	10.049.015	-	-	-	-	-
D. Impaired asset net book value	-	-	-	-	-	-	-
- Past due (gross amount)	-	13.687.383	-	-	-	-	-
- Impairment (-)	-	(13.687.383)	-	-	-	-	-
- 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	-	-	-	-	-	-	-

<sup>(1)</sup> Deposits and guarantees given in other non-current receivables amounting to TL 59.770 are not included as of 31 December 2011.

## DOĞAN GAZETECİLİK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The aging schedule of receivables that are overdue but not impaired is as follows:

30 June 2012	Trade receivables		Bank deposits	Derivative instruments	Other
	Related party	Other			
1 to 30 days overdue	164	2.861.019	-	-	-
1 to 3 months overdue	803	13.514.207	-	-	-
3 to 12 months overdue	76.270	15.587.501	-	-	-
More than 1 year overdue	703.709	4.619.787	-	-	-
<b>Total</b>	<b>780.946</b>	<b>36.582.514</b>	-	-	-
<i>Guaranteed amount</i>	-	9.802.568	-	-	-

31 December 2011	Trade receivables		Bank deposits	Derivative instruments	Other
	Related party	Other			
1 to 30 days overdue	232	7.289.621	-	-	-
1 to 3 months overdue	155	6.382.392	-	-	-
3 to 12 months overdue	169.147	7.610.627	-	-	-
More than 1 year overdue	557.949	2.918.215	-	-	-
<b>Total</b>	<b>727.483</b>	<b>24.200.855</b>	-	-	-
<i>Guaranteed amount</i>	-	10.049.015	-	-	-

The credit quality of trade receivables which is impaired is as follows:

30 June 2012	Trade receivables		Bank deposits	Derivative instruments	Other
	Related party	Other			
0 to 3 months overdue	-	-	-	-	-
3 to 12 months overdue	-	-	-	-	-
1 to 5 years overdue	-	14.040.611	-	-	-
Less: provision for doubtful receivables	-	(14.040.611)	-	-	-
<b>Total</b>	-	-	-	-	-
31 December 2011	Trade receivables		Bank deposits	Derivative instruments	Other
	Related party	Other			
0 to 3 months overdue	-	-	-	-	-
3 to 12 months overdue	-	-	-	-	-
1 to 5 years overdue	-	13.687.383	-	-	-
Less: provision for impairment	-	(13.687.383)	-	-	-
<b>Total</b>	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

**Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

As of 30 June 2011 and 31 December 2011, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

	Book value	Contractual undiscounted cash flow	Up to 3 months	3-12 months	1-5 years	Over 5 years
<b>30 June 2011</b>						
<b>Financial liabilities excluding derivatives</b>						
Due to related parties <sup>(1)</sup> (Note 28b)	13.546.035	12.894.492	12.894.492	-	-	-
Other trade payables <sup>(2)</sup> (Note 7)	9.479.730	7.883.840	7.883.840	-	-	-
Other payables (Note 8)	2.481.351	2.481.351	2.481.351	-	-	-
<b>31 December 2011</b>						
<b>Financial liabilities excluding derivatives</b>						
Financial liabilities to related parties (Note 28c)	5.165.940	5.213.395	5.213.395	-	-	-
Due to related parties <sup>(1)</sup> (Note 28b)	20.940.091	20.292.740	20.292.740	-	-	-
Other trade payables <sup>(2)</sup> (Note 7)	8.009.460	6.350.058	6.350.058	-	-	-
Other payables (Note 8)	4.666.678	4.666.678	4.666.678	-	-	-

<sup>(1)</sup> Barter related liabilities in accordance with contracts amounting to TL 640,490 (31 December 2011: TL 647,351) are not included in the total cash outflow.

<sup>(2)</sup> Barter related liabilities in accordance with contracts amounting to TL 1.595.890 (31 December 2011: TL1.659.402) are not included in the total cash outflow.

## DOĞAN GAZETECİLİK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

##### 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 recapitalise or maintain the current capital structure, the Group can change dividend payment amount, announce new shares and in order to decrease borrowings the Group can sell assets.

The Group monitors capital using liability/capital ratio which is calculated by dividing net liability to total capital. Net liability amount is obtained from the deducting cash and cash equivalents from the total liability (includes financial liabilities, trade payables and payables due to related parties as stated in balance sheet). Total capital is the sum of equity and net liabilities as also stated in balance sheet.

	<u>30 June 2012</u>	<u>31 December 2011</u>
Total liabilities	42.450.070	54.517.687
Less: cash and cash equivalents (Note 4)	(9.168.388)	(340.102)
<b>Net liability</b>	<b>33.281.682</b>	<b>54.177.585</b>
Equity	218.036.899	217.005.215
<b>Total equity</b>	<b>251.318.581</b>	<b>271.182.800</b>
<b>Total liability/total equity ratio</b>	<b>13,24%</b>	<b>19,98%</b>

#### NOTE 30 - 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.

The Group does not have any financial assets and liabilities which are measured at fair value (31 December 2011: None).

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.

Estimated fair value of financial instruments is determined by the Group using available market information and appropriate valuation methodologies. 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.

**NOTE 30 - FINANCIAL INSTRUMENTS (Continued)**

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair value of certain financial assets carried at cost including cash and cash equivalents, deposits with banks and other financial asset is considered to approximate their respective carrying value due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

Trade receivables are carried at amortized cost using the effective yield method less provision for doubtful receivables, and hence are considered to approximate their fair values.

Financial liabilities

Trade payables are stated at amortized cost using the effective interest method, and accordingly their carrying amounts approximate their fair value.

The fair values of short-term 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 denominated in foreign currencies, are translated at period-end exchange rates to Turkish Lira and accordingly their carrying amounts approximate their fair values.

**NOTE 31- SUBSEQUENT EVENTS**

The consolidated financial statements for the period ended 30 June 2012 were approved by the Board of Directors on 17 August 2012. Other than Board of Directors has no authority to change financial statements.