DOĞAN GAZETECİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDIT REPORT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2012 INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDIT REPORT

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

We have audited the accompanying consolidated balance sheet of Doğan Gazetecilik A.Ş. (the "Company"), its subsidiaries and joint ventures (together the "Group") as at 31 December 2012 and the related consolidated statement of income, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory notes.

Group Managements' Responsibility for the Financial Statements

The Group Management is responsible for preparation and fair presentation of these financial statements in accordance with accounting standards published by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statement give a true and fair view of consolidated financial position of Doğan Gazetecilik A.Ş., its subsidiaries and joint ventures as at 31 December 2012, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

Without qualifying our opinion, we draw attention to the following:

As explained in detail in Note 2.1.5, the Group management has decided to present their investment properties from their fair values and restated prior year consolidated financial statements accordingly

İstanbul, 8 April 2013

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Zere Gaye Şentürk
Partner

DOĞAN GAZETECİLİK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2012

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DOĞAN GAZETECİLİK A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012, 2011 AND 2010

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

	Note	*Audited* 31 December 2012	*Restated Audited* 31 December 2011	*Restated Audited* 31 December 2010
ASSETS				
Current assets		**118.144.576**	**93.750.032**	**91.887.122**
Cash and cash equivalents	4	34.902.843	340.102	5.315.998
Trade receivables				
- Due from related parties	28	8.152.866	4.953.877	10.583.401
- Other trade receivables	7	45.095.921	54.652.942	63.949.874
Other receivables	8	26.681.078	29.915.600	62.450
Inventories	9	1.393.353	1.782.721	7.022.131
Other current assets	17	1.918.515	2.104.790	4.953.268
Non-current assets		**245.579.398**	**237.187.071**	**250.564.936**
Other receivables	8	32.372.146	63.967.624	55.841
Financial assets	5	17.247	17.995	69.585
Investment property	10	130.205.000	78.732.497	45.257.071
Property, plant and equipment	11	7.516.694	17.139.595	22.788.329
Intangible assets	12	12.188.167	13.444.532	67.428.317
Goodwill	13	60.428.513	60.428.513	108.185.623
Deferred tax asset	26	230.584	868.482	681.366
Other non-current assets	17	2.621.047	2.587.833	6.098.804
Total assets		**363.723.974**	**330.937.103**	**342.452.058**

These consolidated financial statements as of and for the period ended 31 December 2012 has been approved by the Board of Directors on 8 April 2013.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012, 2011 AND 2010

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

	Note	*Audited* 31 December 2012	*Restated Audited* 31 December 2011	*Restated Audited* 31 December 2010
LIABILITIES				
Current liabilities		**29.020.278**	**47.273.386**	**91.360.368**
Financial liabilities				
-Due to related parties	28	-	5.165.940	-
-Other financial liabilities	6	455.653	-	33.097.191
Trade payables				
- Due to related parties	28	10.029.354	20.940.091	29.543.699
- Other trade payables	7	6.140.256	8.009.460	10.860.335
Other payables	8	3.412.600	4.666.678	6.324.107
Current income tax liability	26	1.065.457	553.115	237.417
Provisions	14	4.955.861	4.014.944	4.174.090
Other current liabilities	17	2.961.097	3.923.158	7.123.529
Non-current liabilities		**11.979.697**	**7.797.416**	**13.516.210**
Provision for employment termination benefits	16	11.979.697	7.797.416	13.364.200
Other non-current liabilities		-	-	152.010
EQUITY	**18**	**322.723.999**	**275.866.301**	**237.575.480**
Equity attributable to equity holders of the Parent Company	**18**	**322.347.123**	**275.461.909**	**237.290.480**
Issued capital	18	105.000.000	105.000.000	105.000.000
Adjustment to issued capital	18	45.910.057	45.910.057	45.910.057
Share premium	18	82.060.000	82.060.000	82.060.000
Restricted reserves	18	2.085.963	2.085.963	1.619.190
Investment property revaluation reserves	18	39.104.778	7.912.147	-
Retained earnings/ (accumulated losses)		28.986.527	2.234.460	(10.350.341)
Net income for the period		19.199.798	30.259.282	13.051.574
Non-controlling interests		**376.876**	**404.392**	**285.000**
Total liabilities and equity		**363.723.974**	**330.937.103**	**342.452.058**
Provisions, contingent assets and liabilities	14			

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	*Audited* 31 December 2012	*Restated Audited* 31 December 2011
Continued Operations			
Sales	19	201.975.674	193.166.112
Cost of sales (-)	19	(125.693.082)	(126.211.098)
Gross profit		**76.282.592**	**66.955.014**
Marketing, sales and distribution expenses (-)	20	(41.005.530)	(40.805.885)
General administrative expenses (-)	20	(14.265.594)	(15.945.152)
Other operating income	22	13.413.531	28.806.645
Other operating expenses (-)	22	(8.024.544)	(10.502.462)
Operating profit		**26.400.455**	**28.508.160**
Financial income	23	9.675.722	29.604.829
Financial expenses (-)	24	(13.102.071)	(12.628.841)
Profit before income taxes from continued operations		**22.974.106**	**45.484.148**
Tax expense from continued operations		**(3.801.824)**	**(8.909.348)**
- Current income tax expense	26	(3.928.839)	(6.563.561)
- Deferred tax income/ (expense)	26	127.015	(2.345.787)
Net income for the period from continued operations		**19.172.282**	**36.574.800**
Discontinued operations			
Net loss for the period from discontinued operations after income taxes [1]	25	-	(6.358.556)
Net income for the period		**19.172.282**	**30.216.244**
Allocation of net income for the period			
Attributable to non-controlling interests		(27.516)	(43.038)
Attributable to equity holders of the Parent Company		19.199.798	30.259.282
Earning per share attributable to equity holders of the Parent Company	27	0,183	0,288
Earning per share attributable to equity holders of the Parent Company from continued operations (Kr)	27	0,183	0,349

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	*Audited* 31 December 2012	*Restated Audited* 31 December 2011
Net income for the period		**19.172.282**	**30.216.244**
Other comprehensive income:			
Investment property revaluation reserves	10	32.834.348	8.328.576
Deferred tax effect of investment property revaluation reserves		(1.641.717)	(416.429)
Actuarial losses in defined benefit plans	16	(4.384.019)	-
Deferred tax effect of actuarial losses in defined benefit plans		876.804	-
Total comprehensive income		**46.857.698**	**38.128.391**
Allocation of total comprehensive income:			
Attributable to non-controlling interests		(27.516)	(43.038)
Attributable to equity holders of the Parent Company		**46.885.214**	**38.171.429**

(1) The related transfer transactions of Bağımsız 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.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY FOR THE PERIODS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	Share capital	Adjustments to share capital	Share premium	Restricted reserves	Investment property revaluation reserves	Retained earnings/ (accumulated losses)	Net profit/ (loss) for the period	Attributable to equity holders of the Parent Company	Non-controlling interests	Total Equity
Balances at 1 January 2011	**18**	**105.000.000**	**45.910.057**	**82.060.000**	**1.619.190**	**-**	**(10.350.341)**	**13.051.574**	**237.290.480**	**285.000**	**237.575.480**
Transfers		-	-	-	466.773	-	12.584.801	(13.051.574)	-	-	-
Effect of change in consolidation structure		-	-	-	-	-	-	-	-	162.430	162.430
Total comprehensive income		-	-	-	-	7.912.147	-	30.259.282	38.171.429	(43.038)	38.128.391
Net profit for the period		-	-	-	-	-	-	*30.259.282*	*30.259.282*	*(43.038)*	*30.216.244*
Investment property revaluation reserves	**31**	-	-	-	-	*7.912.147*	-	-	*7.912.147*	-	*7.912.147*
Balances at 31 December 2011	**18**	**105.000.000**	**45.910.057**	**82.060.000**	**2.085.963**	**7.912.147**	**2.234.460**	**30.259.282**	**275.461.909**	**404.392**	**275.866.301**
Balances at 1 January 2012	**18**	**105.000.000**	**45.910.057**	**82.060.000**	**2.085.963**	**7.912.147**	**2.234.460**	**30.259.282**	**275.461.909**	**404.392**	**275.866.301**
Transfers		-	-	-	-	-	30.259.282	(30.259.282)	-	-	-
Total comprehensive income		-	-	-	-	*31.192.631*	(3.507.215)	19.199.798	46.885.214	(27.516)	46.857.698
Net profit for the period		-	-	-	-	-	-	*19.199.798*	*19.199.798*	*(27.516)*	*19.172.282*
Investment property revaluation reserves	**31**	-	-	-	-	*31.192.631*	-	-	*31.192.631*	-	*31.192.631*
Actuarial losses in defined benefit plans		-	-	-	-	-	*(3.507.215)*	-	*(3.507.215)*	-	*(3.507.215)*
Balances at 31 December 2012	**18**	**105.000.000**	**45.910.057**	**82.060.000**	**2.085.963**	**39.104.778**	**28.986.527**	**19.199.798**	**322.347.123**	**376.876**	**322.723.999**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	*Audited* 1 January- 31 December 2012	*Restated Audited* 1 January- 31 December 2011
Profit before income taxes from continued operations		22.974.106	45.484.148
Profit/ loss before income taxes from discontinued operations		-	882.163
Adjustments:			
Depreciation expenses	11	1.640.082	2.097.476
Amortisation expenses	12	1.321.611	2.131.085
Loss/ (gain) on disposal of property, plant and equipment and investment property, net	22	276.917	(68.573)
Unearned finance expense due to sales with maturity	7	291.625	345.370
Unearned finance income due to purchases with maturity	28	(89.036)	(142.450)
Profit from barter transactions		(1.955.614)	(2.466.131)
Interest expense	24	143.472	570.753
Interest income	23	(1.034.768)	(3.290.499)
Provision for doubtful receivables	7	2.413.500	3.439.781
Reversal of provision for doubtful receivables	7	(493.705)	-
Provision for / (reversal) of provision for lawsuits, net	14	929.107	(116.647)
Provision for unused vacation liability	17	191.992	990.168
Provision for employment termination benefits	16	1.531.125	6.224.588
Income from investment property revaluation reserve	10	(6.552.595)	(22.474.477)
Reversal of provision for impairment on inventory	9	(352.293)	(471.431)
Gain on sale of subsidiary shares and brand name	25	-	(16.588.804)
Foreign exchange loss regarding bonds receivables	24	5.251.804	(12.612.863)
Loss on sale of available for sale financial assets	22	-	32.075
Adjustments to reconcile profit before income taxes to net cash provided by / (used in) operating activities		**26.487.330**	**3.965.732**
Decrease in trade receivables		7.345.609	3.663.612
(Increase) / decrease in receivables from related parties		(3.198.989)	5.629.524
Decrease in inventories		741.661	4.366.114
Decrease / (increase) in other current receivables		1.576.108	(379.132)
Decrease in other current/non-current assets		139.831	1.712.524
Decrease / (increase) in trade payables		(1.869.204)	32.111
Decrease in payable to related parties		(10.821.701)	(8.461.158)
Decrease/ (increase) in other long term trade receivables		27.968.872	(12.813.026)
Decrease/ (increase) in other payables		(1.254.078)	1.890.020
Increase / (decrease) in provisions		11.811	(873.854)
(Decrease) / increase in other current liabilities		(1.474.595)	1.329.696
Income taxes paid		(2.863.383)	(12.551.713)
Employment termination benefits paid	16	(1.732.863)	(699.094)
Unused vacation liability paid		(232.579)	(285.013)
Net cash provided by / (used in) operating activities		**40.823.830**	**(13.473.657)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 1 JANUARY-31 DECEMBER 2012 AND 2011

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

	Note	*Audited* 1 January- 31 December 2012	*Restated Audited* 1 January- 31 December 2011
Investing activities:			
Purchase of property, plant and equipment	11	(4.796.432)	(1.123.075)
Purchase of intangible assets	12	(65.246)	(98.539)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		2.372.387	4.073.924
Financial investments		748	-
Proceeds from sale of available for sale financial assets		-	19.515
Cash provided from sale of subsidiary		-	27.423.596
Change in the consolidation structure		-	162.430
Net cash (used in) / provided by investing activities		**(2.488.543)**	**30.457.851**
Financing activities:			
Decrease in bank borrowings		(4.710.287)	(24.679.251)
Interest paid		(143.472)	(570.753)
Interest received		1.034.769	3.290.499
Net cash used in financing activities		**(3.818.990)**	**(21.959.505)**
Net change in cash and cash equivalents		34.516.297	(4.975.311)
Cash and cash equivalents at the beginning of the period	**4**	**340.102**	**5.315.413**
Cash and cash equivalents at the end of the period	**4**	**34.856.399**	**340.102**

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

(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 (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner ve Y. Begümhan Doğan Faralyalı).

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 2010, it is regarded that 5,47% (31 December 2011: 5,23%) of the shares are outstanding and 41,39% of the shares are publicly available as of 31 December 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 31 December 2012 and 31 December 2011:

Subsidiaries	Registered country	Nature of business
Posta Haber Ajansı A.Ş. ("Posta Haber") [(1)]	Turkey	News agency
Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. [(1)] ("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.

(1) 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.

(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 31 December 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 first interim period financial statements for 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.

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

2.1 Basis of presentation (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.

With the law no: 660 enacted on November 2, 2011 at Official Gazette, the additional clause 1 of the law no: 2499 were nullified and Public Oversight, Accounting and Auditing Standards Institution ("the Institution") was established. With the additional article 1 of this law, until the standarts and regulations are put into effect, the existing regulations would continue to be effective. In this respect, the respective matter has no effect over the ‘Basis of Preparation of Financial Statements” note disclosed in the accompanying financial statements as of the reporting date.

2.1.2 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Doğan Gazetecilik A.Ş., its subsidiaries and its joint venture (together 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.

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

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

2.1 Basis of presentation (Continued)

2.1.2 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

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

	Proportion of voting power held by the Group (%) 31 December 2012	**Proportion of voting power held by the Group (%) 31 December 2011**
Doğan Gazetecilik İnternet (1)	98,19	98,19
Posta Haber (2)	86,85	86,85

(1) 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.

(2) Kemer Yayıncılık ve Gazetecilik A.Ş. was merged with Posta Haber through a takeover in accordance with the requirements of the relevant law as of December 27, 2011. After merging, Kemer Yayıncılık continues to operate under the name of Posta Haber Ajansı A.Ş.

(b) Available for sale financial assets

Financial assets at fair value through profit and loss in which the Group has controlling interests below 20%, or above 20% over which the Group 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 can not be measured reliably, are carried at cost less any provision for diminution in value in the consolidated financial statements (Note 5).

Unrealized gains and losses arising from changes in fair value of available for sale financial assets are recognized in other comprehensive income and recognized as revaluation reserve in equity until the date available for sale financial asset is disposed of. Where the available for sale is disposed of, the gain or loss previously recognized as revaluation reserve in equity is transferred to profit or loss accounts. The Company management makes assessments on whether there is any impairment on financial assets and the amount of impairment, if any (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.

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

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

2.1 Basis of presentation (Continued)

2.1.2 Consolidation principles (Continued)

(c) Joint venture (Continued)

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

	Proportion of joint management 31 December 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 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 identify the financial position and performance trends in accordance with IFRS. The balance sheet of the Group at 31 December 2012 has been provided with the comparative financial information of 31 December 2011 and 2010 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the periods ended 1 January-31 December 2012 have been provided with the comparative financial information for the periods ended 1 January-31 December 2011. Prior period consolidated statement of income is restated for comparative purposes, and the operating results until the ending date of the control over the activities of the discontinued operations of the Group are reclassified as "discontinued operations". (Note 25)

2.1.5 Significant Accounting Policies and Changes in Accounting Estimates and Errors

(a) The Group has decided to early adopt the amendment in IAS 19 in 2012 which will be effective starting from 1 January 2013, and recognized all actuarial losses and gains in other comprehensive income.

(b) The Group's investment properties were previously carried under the cost method in prior years. In the preparation of financial statements for the period 31 December 2012, fair values of investment properties are determined based on the valuation reports prepared in accordance with the Capital Markets Law, and prior period financial statements were restated accordingly starting from 1 January 2010 in accordance with "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8"). The effect of restatement on the financial statements is presented in Note 31.

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

2.1 Basis of presentation (Continued)

2.1.6 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 Standards effective beginning from 1 January 2012 and have effect on the financial statements of the Group

IFRS 7 (Amendments) ***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 affected the disclosures of the Group due to the fact that trade receivables related with the advertising sales of the Group are followed by Doğan Faktoring. Additional explanations are disclosed in Note 4.

IAS 12 (Amendments) ***Deferred Tax - Recovery of Underlying Assets***

The Group has applied the amendments to IAS 12 *Deferred Tax- Recovery of Underlying Assets* in the current period. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the Group management reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model with the objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Group management has determined that the presumption set out in the amendments to IAS 12 is not rebutted. As a result of the application of the amendments to IAS 12, the Group has calculated deferred tax from 5% of the fair value changes of investment properties due to the fact that they would benefit from 75% exemption from the gain on sale of investment properties and would be taxable from 25% base. All the effect is presented in the financial statements retrospectively due to the fact that the Group presented investment properties from cost method in prior periods.

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

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

2.1 Basis of presentation (Continued)

2.1.6 Adoption of New and Revised Standards (Continued)

(b) 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:

IAS 1(Amendments)	*Presentation of Items of Other Comprehensive Income*
IAS 1(Amendments)	*Clarification of the Requirements for Comparative Information*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IFRS 7 (Amendments)	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 9 and IFRS 7 (Amendments)	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	*Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide*
IAS 19	*Employee Benefits* [3]
IAS 27	*Separate Financial Statement*
IAS 28	*Investments in Associates and Joint Ventures*
IAS 32 (Amendments)	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IFRSs	*Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

The above standards will be applicable for 2013 and the following years, and the Company has not had an opportunity to consider the potential impact of the application of these standards over its financial statements.

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

2.1 Basis of presentation (Continued)

2.1.6 Adoption of New and Revised Standards (Continued)

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

The following revised standards below are applied by the Group in the current period and have affected the reported amounts and disclosures in the consolidated financial statements.

IAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The Group has decided to early adopt the amendment in IAS 19, and as explained in Note 2.1.5 "Significant Accounting Policies and Changes in Accounting Estimates and Errors" in order to present the actual values of net pension surplus or deficit, recognized all actuarial loss and gains in other comprehensive income.

Amendments to IAS 19 are required to be applied retrospectively. Accordingly, the Group management has evaluated the effect of changes in accounting policies to financial statements prepared for the period as of 31 December 2011 and decided that restatement of prior financial statements are not needed as calculated effects after tax are below the materiality level.

2.2 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, including "joint ventures" of Doğan Şirketler Grubu Holding A.Ş., related parties are referred to as legal entities in which the Company directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 28).

Segmental reporting

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

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

2.2 Summary of Significant Accounting Policies

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 by netting of unearned financial income. 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 imputed interest effect 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.

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.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. As of 31 December 2012, the Group decided to adopt fair value method for their investment properties which were previously accounted under the cost method and restated its prior period financial statements according to IAS 8 as explained in Note 2.1.5 "Significant Accounting Policies and Changes in Accounting Estimates and Errors".

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Property, plant, and equipment

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 it is considered to have infinite useful life.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Property, plant, and equipment (Continued)

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/ (losses) on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

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).

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization (Continued)

Estimated useful lives of intangible assets are as follows:

Rights	5-10 years
Software	3-5 years

Web page development costs

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

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 benefit 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).

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

2.2 Summary of Significant Accounting Policies (Continued)

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 income statement as financial expense (Note 6).

Provision for employment termination benefits

Under the Turkish Labour Law and Press Labour Law (for employees in the media sector), the Group is required to pay termination benefits to each employee who achieves the retirement age, whose employment is terminated without due cause written in the related laws. The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour Laws (Note 16).

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

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

2.2 Summary of Significant Accounting Policies (Continued)

Share capital and dividends

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

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

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 income statement is adjusted for comparative purposes and the results of discontinued operations are classified under the "discontinued operations" account (Note 25).

Barter agreements

The Group provides advertising services in exchange 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).

Earning/ (Loss) per share

Earning/(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.

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

2.2 Summary of Significant Accounting Policies (Continued)

Accounting policies, significant accounting estimates and changes and errors in accounting policies and estimates (Continued)

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 year ended 31 December 2011.

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 statements.

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).

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

NOTE 3 – JOINT VENTURES

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

	Proportion of joint management (%) 31 December 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.

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 31 December 2012 and 31 December 2011 by using the proportionate consolidation method are as follows:

Balance sheets:	**31 December 2012**	**31 December 2011**
Current assets	81.068	75.918
Non-current assets	3.080	3.081
Total assets	**84.148**	**78.999**
Current liabilities	38.851	754.373
Non-current liabilities	-	-
Total liabilities	**38.851**	**754.373**
Equity	45.297	(675.374)
Total liabilities and equity	**84.148**	**78.999**

Income and expenses of the joint venture for the years ended 31 December 2012 and 2011 are as follows:

Statements of income:	**1 January- 31 December 2012**	**1 January- 31 December 2011**
Gross loss	-	-
Marketing, sales and distribution expenses	-	(9.523)
General administrative expenses	(3.769)	(1.601)
Other operating (expenses)/ income	1.608	(11.859)
Operating loss	**(2.161)**	**(22.983)**
Financial expenses	(27.167)	(71.556)
Loss before income taxes	**(29.328)**	**(94.539)**
Current income tax charge	-	-
Deferred tax charge	-	(145)
Net loss for the period	**(29.328)**	**(94.684)**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2012	31 December 2011
Cash	47.860	30.464
Banks		
- Demand deposits	418.658	246.643
- TL time deposits	11.529.389	-
- USD time deposits	22.890.869	-
Other liquid assets	16.067	62.995
	34.902.843	**340.102**

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

	31 December 2012	31 December 2011
Demand	-	-
Up to 3 months	34.420.258	-
Total	**34.420.258**	**-**

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

	31 December 2012	31 December 2011
Cash and cash equivalents	34.902.843	340.102
Less: accrued interest	(46.444)	-
Cash and cash equivalents	**34.856.399**	**340.102**

The Group has TL and USD time deposits amounting to TL 11.529.389 and TL 22.890.869 respectively (31 December 2011: None). The average effective interest rates applied to TL and USD time deposits are 5,0% and 3,2% respectively.

At 31 December 2012, cash and cash equivalents amounting to TL 16.067 (31 December 2011: TL 54.962) consist of credit card receivables.

At 31 December 2012, the Group does not have any blocked deposits (31 December 2011: None).

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

NOTE 5 - FINANCIAL ASSETS

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

	31 December 2012		31 December 2011	
Available-for-sale financial assets	**TL**	**Share capital (%)**	**TL**	**Share capital (%)**
Milliyet Verlags Und Handels GMBH. [1]	860.267	17,42	860.267	17,42
Doğan Dış Ticaret Mümessillik A.Ş.	4	-	4	-
Ak Enerji Elektrik Enerjisi A.Ş.	-	-	477	-
Doğan Dağıtım Satış ve Pazarlama A.Ş.	-	-	275	-
Other	649.744	-	649.740	-
Provision for impairment	(1.492.768)		(1.492.768)	
Total	**17.247**		**17.995**	

[1] As of 31 December 2012, impairment on available for sale financial assets has been reviewed by the Group management and no additional impairment has been determined.

The movements in the provision for the impairment of financial assets as of 31 December 2012 and 2011 are as follows:

	2012	**2011**
1 January	(1.492.768)	(1.492.768)
Increase during the period	-	-
31 December	**(1.492.768)**	**(1.492.768)**

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

NOTE 6 – FINANCIAL BORROWINGS

The details of financial borrowings at 31 December 2012 and 2011 are as follows:

Short term financial borrowings:	**31 December 2012**	**31 December 2011**
Short term bank borrowings [1]	455.653	-
Total	**455.653**	**-**

[1] Financial liabilities amounting to TL 455.653 are due to the compensations during the payment of various public liabilities through banks (31 December 2011: None).

	Effective interest rate (%)		**TL**	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Short term bank borrowings				
- TL bank borrowings	-	-	455.653	-
- Foreign currency bank borrowings	-	-	-	-
Total			**455.653**	**-**

The contractual repricing schedule of bank borrowings at 31 December 2012 and 2011 is as follows:

	31 December 2012	**31 December 2011**
6 months or less	455.653	-
Total	**455.653**	**-**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables at 31 December 2012 and 31 December 2011 are as follows:

Short-term trade receivables	**31 December 2012**	**31 December 2011**
Trade receivables	59.508.808	65.918.214
Notes receivables and cheques	1.485.916	2.767.481
Sub-total	**60.994.724**	**68.685.695**
Less: Unearned finance income due to sales with maturity	(291.625)	(345.370)
Less: Provision for doubtful receivables	(15.607.178)	(13.687.383)
Total	**45.095.921**	**54.652.942**

The average due date of the Group's trade receivables is 70 days as of 31 December 2012 (31 December 2011: 70 days). In accordance with the factoring agreement signed with Doğan Faktoring Hizmetleri A.Ş., trade receivable amounting to TL 39.144.384 (31 December 2011: TL 45.517.157) regarding advertisement revenues is followed by Doğan Faktoring. The Group hasn't transferred the uncollectibality risk of trade receivables during the transfer. The average due date of the Group's trade receivables followed by Doğan Faktoring is 68 days (31 December 2011: 67 days). Unearned financial income due to trade receivables regarding advertisement revenues followed by Doğan Faktoring is TL 291.625 (31 December 2011: TL 345.370). Effective yearly interest rate related with the receivables followed by Doğan Faktoring is 10,03 % (31 December 2011: 14,4 %).

The movements in the provision for doubtful receivables as of 31 December are as follows:

	2012	**2011**
1 January	13.687.383	19.522.869
Provision booked in the current period (Note 22)	2.413.500	2.193.162
Reversal of provision in the current period	(493.705)	-
Provision booked from discontinued operations in the current period	-	1.246.619
Collections in the current period	-	(172.378)
Reversal of provision from discontinued operations	-	(9.102.889)
31 December	**15.607.178**	**13.687.383**

Short-term trade payables	**31 December 2012**	**31 December 2011**
Trade payables	6.140.256	6.509.460
Cheque and bonds payable	-	1.500.000
	6.140.256	**8.009.460**

The average due date of trade payables as of 31 December 2012 is 58 days (31 December 2011: 52 days).

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

Other current receivables	**31 December 2012**	**31 December 2011**
Notes receivables [(1)]	26.681.078	29.915.600
	26.681.078	**29.915.600**

Other non-current receivables	**31 December 2012**	**31 December 2011**
Notes receivables [(1)]	32.318.459	63.907.854
Deposits and guarantees given	30.177	59.770
Other	23.510	-
	32.372.146	**63.967.624**

[(1)] Short-term notes receivables and long-term notes receivables are composed from the sales of shares of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names to DK Gazetecilik ve Yayıncılık A.Ş at 2 May 2011. Notes receivables are shown at discounted amounts. The discount amount as of 31 December 2012 is TL 733.537 (31 December 2011: TL 985.281).

Other current payables	**31 December 2012**	**31 December 2011**
Taxes and funds payable	2.064.243	2.498.975
Payables to personnel	898.594	1.712.801
Other	449.763	454.902
	3.412.600	**4.666.678**

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

NOTE 9 - INVENTORIES

The details of inventories at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Promotion stocks	1.157.324	1.629.040
Finished goods and merchandise	511.936	777.585
Raw materials and supplies	245.373	249.669
	1.914.633	**2.656.294**
Less: Provision for impairment on inventories	(521.280)	(873.573)
	1.393.353	**1.782.721**

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	(352.293)	(471.431)
Reversal of provision from discontinued operations in the current period	-	(1.581.792)
31 December	**521.280**	**873.573**

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

NOTE 10 - INVESTMENT PROPERTY

The movements of investment property for the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Additions	Disposals	Transfer[3]	Fair value adjustment [4]	Discontinued operations[1]	31 December 2012
Investment buildings	78.732.497	1.955.616	(2.066.741)	45.031.033	6.552.595	-	130.205.000
Net book value	**78.732.497**						**130.205.000**

	1 January 2011	Additions	Disposals	Transfers[2]	Fair value adjustment [4]	Discontinued operations	31 December 2011
Investment buildings	45.257.071	3.221.329	(3.511.585)	11.450.672	22.474.477	(159.467)	78.732.497
Net book value	**45.257.071**						**78.732.497**

(1) 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.

(2) The transfers are related with the reclassification of office floors leased to DK Gazetecilik by the Group as of May 2, 2011 in accordance with IAS 40.

(3) Transfers are related with the reclassification of property, plant and equipments of the Group leased to Hürriyet as of 1 May 2012 to investment property in accordance with IAS 40.

(4) DMC building in which Hürriyet and Kanal D operates, belonging to the Group and properties acquired thorough barter agreements are valued under the Capital Markets Law. Revaluation reserves arising from the valuation reports are recognized in other income. As of 31 December 2012, revaluation reserve recognized in the statement of income is TL 6.552.595 (31 December 2011: TL 22.474.477) (Note 22).

TL 3.955.000 (31 December 2011: TL 4.109.125) of investment property consists of the properties of the Group acquired thorough barter agreements and TL 126.250.000 TL (31 December 2011: TL 74.623.372) of investment property consists of the rented buildings.

Current valuation reports are prepared for the investment properties of the Group in accordance with Capital Markets Law and as of March 2013, the fair value of investment properties is determined as TL 130.205.000. The fair values of the investment properties of the Group are determined by taking reference of the market prices of similar properties. Rent income obtained from rented buildings as of 31 December 2012 is TL 5.363.841 TL (31 December 2011: TL 4.742.436) (Note 22). Rent income from related parties is TL 4.937.462 (31 December 2011: TL 2.739.513) (Note 28). There is no collateral or mortgage on investment properties as of 31 December 2012 and 2011. Direct operating costs in the current period resulting from investment property is TL 141.590 (31 December 2011: TL 80.660).

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

NOTE 10 - INVESTMENT PROPERTY (Continued)

Transfers to investment properties from property, plant and equipment:

	Property, Plant and Equipment prior to transfer			Investment Property	
1 January 2012	**Cost**	**Accumulated depreciation**	**Net book value prior to transfer [1]**	**Investment property revaluation reserve [2]**	**Base transfer value**
Buildings	20.892.783	(8.696.098)	12.196.685	32.834.348	45.031.033

	Property, Plant and Equipment prior to transfer			Investment Property	
1 January 2011	**Cost**	**Accumulated depreciation**	**Net book value prior to transfer [1]**	**Investment property revaluation reserve [2]**	**Base transfer value**
Buildings	4.816.468	(1.694.372)	3.122.096	8.328.576	11.450.672

(1) Under IAS 40, if an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation in accordance with IAS 16. The Group, accordingly, recognized the difference between net carrying value and fair value at the date of transfer in other comprehensive income. Current period depreciation charge of property, plant and equipment transferred to investment property is TL 567.072 (2011: TL 97.584) at the date of the transfer.

(2) Fair value of investment properties at the transfer date from property, plant and equipment is TL 45.031.033 (2011: TL 11.450.672). Net book value prior to transfer is TL 12.196.685 (2011: TL 3.122.096). The amount recognized in other comprehensive income due to the treatment of the difference between net carrying value and fair value at the date of transfer as a revaluation in accordance with IAS 16 amounts to TL 32.834.348 (2011: TL 8.328.576). Deferred tax liability calculated from the revaluation of investment property is TL 1.641.717 (2011: TL 416.429). Transfer to investment property revaluation reserve presented as other comprehensive income amounts to TL 31.192.631 (2011: TL 7.912.147).

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment for the years ended 31 December 2012 and 2011 are as follows.

	1 January 2012	Additions	Disposals	Transfers [1]	31 December 2012
Cost					
Land and land improvements	1.812.691	4.673	-	(1.811.035)	6.329
Buildings	21.304.092	-	-	(19.081.748)	2.222.344
Machinery and equipment	18.812.002	2.038.854	(13.749.032)	-	7.101.824
Motor vehicles	343.764	-	(160.918)	-	182.846
Furniture and fixtures	19.097.736	870.152	(16.109.985)	-	3.857.903
Leasehold improvements	79.237	1.882.753	-	-	1.961.990
	61.449.522	**4.796.432**	**(30.019.935)**	**(20.892.783)**	**15.333.236**
Accumulated depreciation					
Land and land improvements	(1.407.995)	(13.603)	-	1.421.082	(516)
Buildings	(7.734.877)	(246.016)	-	7.275.017	(705.876)
Machinery and equipment	(17.799.992)	(296.004)	13.405.758	-	(4.690.238)
Motor vehicles	(57.235)	(120.009)	160.918	-	(16.326)
Furniture and fixtures	(17.285.355)	(622.292)	15.870.692	-	(2.036.955)
Leasehold improvements	(24.473)	(342.158)	-	-	(366.631)
	(44.309.927)	**(1.640.082)**	**29.437.368**	**8.696.099**	**(7.816.542)**
Net book value	**17.139.595**				**7.516.694**

[1] Transfers are related with the rented property to Hürriyet as of 1 May 2012 and reclassification of the related property from property, plant and equipments to investment property in accordance with IAS 40.

As of 31 December 2012 and 2011, there is no collateral or mortgage on property, plant and equipment. TL 1.608.616 (31 December 2011: TL 1.463.322) of depreciation expense and amortization is included in cost of sales (Note 19), TL 1.595.203 (31 December 2011: TL 1.319.705) is included in general administration expenses (Note 20), TL 113.611 (31 December 2011: TL 126.491) is included in marketing, sales and distribution expenses (Note 20) that belongs to continued operations. As of 31 December 2011, TL 791.628 of depreciation expense and amortization is included in cost of sales, TL 840.791 is included in general administration expenses and TL 52.498 is included in marketing, sales and distribution expenses that belongs to discontinued operations. There isn't any asset acquired thorough finance lease of the Company.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2011	Additions	Disposals	Transfers[1]	Discontinued Operations[2]	31 December 2011
Cost						
Land and land improvements	1.747.382	65.309	-	-	-	1.812.691
Buildings	26.125.560	5.897	(5.897)	(4.816.468)	(5.000)	21.304.092
Machinery and equipment	20.419.078	33.631	(1.252.050)	-	(388.657)	18.812.002
Motor vehicles	766.309	282.853	(413.120)	-	(292.278)	343.764
Furniture and fixtures	26.041.513	690.142	(3.653.292)	-	(3.980.627)	19.097.736
Leasehold improvements	1.683.692	45.243	(126.272)	-	(1.523.426)	79.237
	76.783.534	**1.123.075**	**(5.450.631)**	**(4.816.468)**	**(6.189.988)**	**61.449.522**
Accumulated depreciation						
Land and land improvements	(1.370.026)	(37.969)	-	-	-	(1.407.995)
Buildings	(8.899.328)	(529.931)	10	1.694.372	-	(7.734.877)
Machinery and equipment	(18.766.090)	(284.485)	1.150.534	-	100.049	(17.799.992)
Motor vehicles	(290.313)	(330.186)	306.266	-	256.998	(57.235)
Furniture and fixtures	(23.301.839)	(707.798)	3.569.547	-	3.154.735	
	(17.285.355)					
Leasehold improvements	(1.367.609)	(207.107)	-	-	1.550.243	(24.473)
	(53.995.205)	**(2.097.476)**	**5.026.357**	**1.694.372**	**5.062.025**	**(44.309.927)**
Net book value	**22.788.329**					**17.139.595**

(1) The transfers are related with the reclassification of office floors leased to DK Gazetecilik by the Group as of May 2, 2011 from property, plant and equipments to investment properties in accordance with IAS 40.

(2) Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand on 2 May 2011.

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

NOTE 12 - INTANGIBLE ASSETS

The movements in intangible assets during the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Additions	Discontinued operations[1]	31 December 2012
Cost				
Rights	20.621.920	42.044	-	20.663.964
Other	2.318.918	23.202	-	2.342.120
	22.940.838	**65.246**	**-**	**23.006.084**
Accumulated amortization				
Rights	(7.324.120)	(1.232.334)	-	(8.556.454)
Other	(2.172.186)	(89.277)	-	(2.261.463)
	(9.496.306)	**(1.321.611)**	**-**	**(10.817.917)**
Net book value	**13.444.532**			**12.188.167**

	1 January 2011	Additions	Discontinued operations [1]	31 December 2011
Cost				
Trademark	57.781.640	-	(57.781.640)	-
Rights	22.343.361	9.816	(1.731.257)	20.621.920
Other	2.893.955	88.723	(663.760)	2.318.918
	83.018.956	**98.539**	**(60.176.657)**	**22.940.838**
Accumulated amortisation				
Trademark	(6.616.585)	(781.751)	7.398.336	-
Rights	(6.244.671)	(1.245.711)	166.262	(7.324.120)
Other	(2.729.383)	(103.623)	660.820	(2.172.186)
	(15.590.639)	**(2.131.085)**	**8.225.418**	**(9.496.306)**
Net book value	**67.428.317**			**13.444.532**

[1] Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and all Milliyet domain names on 2 May 2011.

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

NOTE 13 - GOODWILL

The movements in goodwill during the years ended 31 December 2012 and 2011 are as follows:

	2012	**2011**
1 January	60.428.513	108.185.623
Transfer of share of subsidiary [1]	-	(47.757.110)
31 December	**60.428.513**	**60.428.513**

[1] 99,99% of its shareholding in the Group's subsidiary, all shares of Bağımsız Gazeteciler, have been sold and transferred 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 2013-2017 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 2012 are as below:

	EBITDA margin [1]	**Discount rate [2]**
Simge Yayıncılık A.Ş.	15,5%	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 amount of goodwill and does not recognize any impairment loss from goodwill as of 31 December 2012 (31 December 2011: None).

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The analysis of provisions at 31 December 2012 and 31 December 2011 is as follows:

i. Short term provisions	**31 December 2012**	**31 December 2011**
Provision for lawsuits	4.941.211	4.012.104
Other	14.650	2.840
	4.955.861	**4.014.944**

Movements of the "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)	1.125.569	1.094.255
Reversal of provision in the current period	(196.462)	(1.210.902)
31 December	**4.941.211**	**4.012.104**

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

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

ii. Lawsuits against the Group

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

	31 December 2012	31 December 2011
Legal cases	10.940.427	15.474.010
Administrative cases	1.249.820	4.409.701
Labor cases	3.287.126	2.719.984
Commercial cases	1.435.000	1.929.512
	16.912.373	**24.533.207**

As of 31 December 2012, the provision for lawsuits amounting to TL 4.941.211 (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.

31 December 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 Doğan Gazetecilik A.Ş. 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. TL 461.037 of tax liability arising from the related transaction was paid in cash on 30 June 2011.

(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 31 December 2012 and 31 December 2011 is as follows:

		31 December 2012	31 December 2011
A.	Total amount of the CPM given for its own legal entity [1]	2.354.885	10.362.558
B.	CPM given on behalf of fully consolidated companies	982.152	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	-	-
TOTAL		**3.337.037**	**12.315.804**

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

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

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 31 December 2012, the Group is under obligation to provide advertisement services to Group and non-group companies amounting to TL 489.723 (31 December 2011: TL 647.352) and TL 886.414 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 3.560.767 (31 December 2011: TL 3.025.497) belonging to non-group companies regarding barter agreements. Total barter transactions income in the current period of the Group is TL 5.700.549 (31 December 2011: TL 6.973.959), barter transactions expense is TL 4.170.708 (31 December 2011: TL 4.179.395).

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

NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2012	31 December 2011
Provision for employment termination benefits	11.979.697	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 whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).At 31 December 2012 the amount payable consists of one month's salary limited to a maximum of TL 3.033,98 (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. The Group has decided to early adopt the amendment in IAS 19 in 2012 which will be effective starting from 1 January 2013, and recognized all actuarial loss and gains in other comprehensive income.

The actuarial assumptions used in the calculation of the provision for employment termination benefit are as follows:

- discount rate is applied as 7,69% , inflation rate applied as 4,98% and rate of increase in real wages applied as 4,98%.
- the calculation is made based on the maximum salary rate of TL 3.033,98 effective as of 31 December 2012 (31 December 2011: TL 2.731,85).
- age of retirement is based on the minimum retirement age.
- CSO 1980 mortality table is used for male and female mortality rates.

Movements in the provision for employment termination benefits for the period 31 December is as follows:

	2012	2011
1 January	7.797.416	13.364.200
Actuarial loss/ (gain) - effect of change in financial assumptions	4.384.019	(383)
Current period service charge	473.598	2.682.238
Deficit related to payments/ decrease in benefits/lay off	249.421	-
Net interest expense/ (income) regarding defined benefit plan	808.106	1.336
Current period charge from discontinued operations	-	3.541.397
Reversal of provision from discontinued operations	-	(11.092.278)
Actual compensations paid	(1.732.863)	(699.094)
31 December	**11.979.697**	**7.797.416**

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

NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Total costs excluding the actuarial loss regarding employment benefits are presented in the consolidated statement of income prepared as of 31 December 2012. As explained in Note 2.1.6, actuarial loss amounting to TL 4.384.019, is recognized in other comprehensive income as of 31 December 2012. Total costs regarding employment benefits as of 31 December 2011 are presented in the consolidated statement of income.

NOTE 17 - OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities at 31 December 2012 and 2011 are as follows:

i. Other current assets

	31 December 2012	31 December 2011
Personnel advances	1.100.702	977.383
Prepaid expenses	603.144	467.846
Income accruals	104.284	31.874
Deferred VAT and other tax receivables	100.555	372.633
Job advances	9.610	254.834
Prepaid taxes and funds	220	220
	1.918.515	**2.104.790**

ii. Other non-current assets

	31 December 2012	31 December 2011
Deferred VAT and other tax receivables	2.621.047	2.587.833
	2.621.047	**2.587.833**

iii. Other current liabilities

	31 December 2012	31 December 2011
Unused vacation liability	2.002.883	2.043.470
Deferred revenue	958.214	1.879.468
Other	-	220
	2.961.097	**3.923.158**

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

	2012	2011
1 January	2.043.470	4.763.256
Additions during the period	191.992	990.168
Payments during the period	(232.579)	(285.013)
Reversal of provision from discontinued operations	-	(3.424.941)
31 December	**2.002.883**	**2.043.470**

(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.

Doğan Gazetecilik has no privileged shares. Company’s historical, authorized and issued capital at 31 December 2012 and 31 December 2011 is as follows:

	31 December 2012	31 December 2011
Limit on registered paid in capital	150.000.000	150.000.000
Issued paid in capital	105.000.000	105.000.000

The ultimate shareholders of Doğan Gazetecilik are Aydın Doğan and the Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y. Begümhan Doğan Faralyalı). The details of shareholders’ and shareholding structure of Doğan Gazetecilik is as follows as of 31 December 2012 and 31 December 2011:

	31 December 2012		31 December 2011	
Shareholders	**TL**	**Share %**	**TL**	**Share %**
Doğan Yayın Holding [(1) (3)]	74.297.743	70,76	74.297.743	70,76
Other Shareholders (publicly traded on ISE) [(2)]	30.702.257	29,24	30.702.257	29,24
Issued capital	**105.000.000**	**100,00**	**105.000.000**	**100,00**
Adjustment to issued capital	45.910.057		45.910.057	
Total	**150.910.057**		**150.910.057**	

(1) As of 31 December 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 2010, it is regarded that 5,47% of the shares (31 December 2011: 5,23%) are outstanding and 41,39% of the shares are publicly available as of 31 December 2012 based on the Central Registry Agency A.Ş.’s (“CRA”) records.

(3) Within the scope of usage of “put option” by Deutsche Bank AG, in accordance with the “Put Option Agreements” signed on 26 July 2007 between Doğan Yayın Holding, the main shareholder of the Group, and Deutsche Bank AG and amended by the amendment agreement dated 10 November 2008, Deutsche Bank AG’s share in Doğan Gazetecilik, direct subsidiary of Doğan Yayın Holding amounting to 23.100.000 bearer shares with a nominal value of TL 1 each which corresponds to 22% of TL 105.000 issued capital of Doğan Gazetecilik has been purchased by Doğan Yayın Holding in consideration of USD 122.322.846,03 as of 20.02.2013. As of 20.02.2013, 34,67% shares of 92,76% shares belonging to Doğan Yayın Holding are “publicly available” in Istanbul Stock Exchange.

There is no limitation on 70,76% shares of Doğan Gazetecilik capital which is owned by Doğan Yayın Holding.

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

NOTE 18 - EQUITY (Continued)

Share premium

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

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 profit prior periods, for any legal or contractual obligations or other purposes excluding for profit distribution (i.e: 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 31 December 2012, restricted reserves amounting to TL 2.085.963 (31 December 2011: TL 2.085.963) consist of first legal reserves.

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.

Investment Property Revaluation Reserves:

Real estates recognized as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its investment properties in the year 2012 and 2011 as investment property in this regard and has chosen to apply the fair value method for presentation purposes. Accordingly, fair value at the first transfer amounting to TL 39.104.778 (2011: TL 7.912.147) is recognized as revaluation reserves in shareholders' equity.

In accordance with the Communiqué Serial: XI No: 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:

NOTE 18 - EQUITY (Continued)

- 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.

Dividend payment:

Listed companies of whose shares traded on the ISE, are required to distribute their dividends in accordance with the following criteria set out by the CMB:

Upon the CMB’s Resolution No: 02/51 issued on 27 January 2010, there is no minimum level of dividend distribution requirement for the listed companies at the stock exchange for profits arising from operations in 2010. In this respect, companies will distribute their profits under the scope of the requirements of the CMB’s Communiqué No. IV-27, their own articles of association and their own publicly disclosed profit distribution policies

The CMB’s requires the disclosure of total amount of net profit after the deduction of accumulated losses in the statutory records and other resources which may be subject to profit distribution in the financial statements prepared in accordance with Communiqué Serial XI, No: 29. As of 31 December 2012, the Company’s gross amount of resources that may be subject to profit distribution based on the statutory records amounts to TL 11.954.744.

At the board meeting of the Board of Directors of the Company at 21 June 2012, it is concluded that under the requirements of the Capital Markets Board’s (CMB) Communiqué Serial:XI, No: 29, based on the audited financial statements prepared for the period 1 January-31 December 2011 in accordance with International Accounting Standards and International Financial Reporting Standards, the Group’s “Net Profit for the Period” is calculated as TL 8.890.724, considering its “Net Profit after tax from Discontinued Operations”, “Deferred Tax Expense”, “Current Period Tax Expense” and “Loss attributable to non-controlling interests”. When “Accumulated losses” amounting to TL 27.345.921 has been deducted from this amount and “Donations” made in the year 2011 totaling TL 98.922 has been added, within the CMB's profit distribution regulations, because “Net Distributable Profit” doesn’t occur for the period 1 January-31 December 2011, shareholders are informed regarding the fact that no profit distribution would be made and this matter has been approved by the General Assembly.

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

NOTE 19 - SALES AND COST OF SALES

	31 December 2012	31 December 2011
Domestic sales, net	201.975.674	193.166.112
Cost of sales	(125.693.082)	(126.211.098)
Gross profit	**76.282.592**	**66.955.014**

The details of sales income and cost of sales for the periods ended 31 December 2012 and 2011 are as follows:

Sales income

	31 December 2012	31 December 2011
Newspaper sales income	102.500.887	97.123.018
Advertising income	94.893.508	92.081.848
Other income	4.581.279	3.961.246
Sales income, net	**201.975.674**	**193.166.112**

Cost of sales

	31 December 2012	31 December 2011
Raw material costs	66.832.657	70.041.461
Printing costs	22.290.027	21.774.819
Personnel costs	19.282.216	19.229.237
Operating materials costs	2.556.465	2.458.065
News and photography costs	2.173.123	2.004.635
Scrap paper costs	2.074.037	2.252.420
Depreciation and amortization expenses (Note 10,11 and 12) (1)	1.287.416	1.297.368
Travel expenses	1.192.953	1.066.282
Rent expenses	910.270	37.245
Electric expenses	665.854	2.103.409
Other	6.428.064	3.946.157
	125.693.082	**126.211.098**

(1) 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 as of 31 December 2011 (31 December 2012: None).

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

NOTE 20 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

Marketing, selling and distribution expenses

	31 December 2012	31 December 2011
Distribution expenses	16.205.853	14.403.487
Personnel expenses	9.953.550	10.360.789
Advertisement expenses	4.170.202	5.645.951
Promotion expenses	3.951.525	4.530.973
Presentation and marketing expenses	3.263.044	2.673.556
Travel expenses	919.283	704.483
Consulting expenses	511.090	487.720
Sponsorship expenses	369.925	376.810
Communication expenses	157.722	158.264
Depreciation and amortization expenses (Note 10, 11 and 12) [1]	90.764	110.585
Commission expenses	31.548	68.024
Other	1.381.024	1.285.243
	41.005.530	**40.805.885**

[1] TL 52.498 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011 as of 31 December 2011 (31 December 2012: None).

General administrative expenses

	31 December 2012	31 December 2011
Personnel expenses	7.754.657	8.496.702
Consulting expenses	2.708.349	3.378.012
Depreciation and amortization expenses (Note 10, 11 and 12) [1]	1.274.405	1.135.691
Repair and maintenance expenses	723.454	857.894
Travel expenses	491.940	505.653
Electricity expenses	39.099	162.584
Other	1.273.690	1.408.616
Total	**14.265.594**	**15.945.152**

[1] TL 840.791 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011 as of 31 December 2011 (31 December 2012: None).

NOTE 21 - EXPENSES BY NATURE

As of 31 December 2012 and 2011, expenses are disclosed by function and the details of the expenses are summarized in Note 19 and Note 20.

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

NOTE 22 - OTHER OPERATING INCOME/ EXPENSES

The details of other operating income and expense for the periods ended 31 December 2012 and 2011 are as follows:

i. Other operating income:

	31 December 2012	31 December 2011
Income from investment property revaluation reserve (Note 10)	6.552.595	22.474.477
Rent income (Note 10)	5.363.841	4.742.436
Reversal of provisions	692.040	825.809
Gain on sale of marketable securities	224.772	126.014
Gain on sale of fixed assets	141.793	68.573
Other	438.490	569.336
	13.413.531	**28.806.645**

ii. Other operating expenses:

	31 December 2012	31 December 2011
Provision for doubtful receivables (Note 7)	2.413.500	2.193.162
Litigation expenses	1.609.181	624.125
Provision for lawsuits (Note 14)	1.125.569	1.094.255
Donations	924.422	-
Loss on sale of property, plant and equipment	418.710	-
Expenses regarding 6111 law (1)	-	3.285.255
Competition authority penalty (2)	-	2.069.321
Loss on sale of associate (Sale of (shares of DHA) (Note 5)	-	32.075
Other (3) (4)	1.533.162	1.204.269
	8.024.544	**10.502.462**

(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 2.811.943 of TL 6.097.198 is related with the discontinued operations whereas TL 3.285.255 of TL 6.097.198 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.

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

NOTE 22 - OTHER OPERATING INCOME/ EXPENSES (Continued)

(3) The Group has sold all Bağımsız Gazeteciler Yayıncılık A.Ş., subsidiary of the Group, and brands, royalties and domain names belonging to Milliyet Gazetesi ("Sale of Milliyet brand") operating under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011. All financial liabilities in accordance with Labour Law regarding the transferred personnel until the date of the transfer belong to the Group. Other expenses amounting to TL 1.358.996 for the period ended 31 December 2012 consists of the severance and termination payments amounting to TL 927.924 of the transferred personnel in the current period

(4) The transfer of all brands, royalties and domain names and the personnel of Radikal Newspaper and its web-site personnel to Hürriyet Newspaper was completed as of 31 August 2010. All the financial liabilities incurred under the Labour Law in relation to the related personnel are the responsibility of the Group. TL 1.358.996 of other expenses for the period ended 31 December 2012 consists of TL 260.417 of employee termination and severance pay.

NOTE 23 - FINANCIAL INCOME

The details of financial income for the years ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Foreign exchange gains	5.974.723	23.617.247
Financial income due to sales with maturity	2.666.231	2.697.083
Interest income	1.034.768	3.290.499
	9.675.722	**29.604.829**

NOTE 24 - FINANCIAL EXPENSES

The details of financial expenses for the years ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Foreign exchange losses (1)	(11.843.192)	(10.512.713)
Financial expenses due to purchases with maturity	(588.563)	(840.813)
Interest expenses	(143.472)	(570.753)
Other financial expenses	(526.844)	(704.562)
	(13.102.071)	**(12.628.841)**

(1) TL 5.251.804 (2011: TL 12.612.863 foreign exchange gain) of foreign exchange losses, is derived from the valuation of notes receivables obtained through the sale of Bağımsız Gazeteciler Yayıncılık A.Ş., 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.

(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 is disclosed below.

	30 April 2011
Sales	49.426.215
Cost of sales (-)	(37.148.804)
Gross profit	**12.277.411**
Marketing, sales and distribution expenses (-)	(18.293.361)
General administration expenses (-)	(6.264.640)
Other operating expenses (net)	(2.629.029)
Financial expenses (net)	(797.022)
Loss before income tax from discontinued operations	**(15.706.641)**
Tax (expense) from discontinued operations	
Current year tax charge	-
Deferred tax charge (Note 26)	(699.452)
Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares	(16.406.093)
Gain on sale of brand and subsidiary shares	16.588.804
Sales income tax expense	(6.541.267)
Discontinued operations	
Net loss from discontinued operations after income taxes [(1)]	**(6.358.556)**

[(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:

	1 January-30 April 2011
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)
Net cash (outflow)/ inflow	**462.256**

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

NOTE 26 - TAXATION

	31 December 2012	31 December 2011
Corporate and income taxes payable	3.928.839	13.104.828
Less: Prepaid taxes	(2.863.382)	(12.551.713)
Taxes payable	**1.065.457**	**553.115**

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.

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 sale of participation shares and property

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

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%).

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

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

NOTE 26 – TAXATION (Continued)

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Provision for employment termination benefits	11.979.697	7.797.416	2.395.940	1.559.483
Carry forward tax losses (1)	3.874.232	2.338.582	774.846	467.716
Provision for lawsuits	4.941.211	4.042.646	988.242	808.529
Unused vacation liability	2.002.883	2.043.370	400.576	408.674
Net difference between the tax base and carrying value of property, plant and equipment and intangible assets	1.610.380	1.646.387	322.076	329.277
Provision for doubtful receivables	1.480.710	1.671.369	296.142	334.274
Provision for impairment on inventories	521.031	873.573	104.206	174.715
Unearned finance income due to sales with maturity	291.675	345.370	58.335	69.074
Deferred tax assets			**5.340.363**	**4.151.742**
Unearned finance expense due to purchases with maturity	(89.031)	(142.450)	(17.806)	(28.490)
Difference between the fair value and the carrying amounts of investment properties	(102.397.498)	(62.115.856)	(5.091.973)	(3.254.770)
Deferred tax liabilities			**(5.109.779)**	**(3.283.260)**
Deferred tax assets, net			**230.584**	**868.482**

(1) As of 31 December 2012, the deductible financial losses amount to TL 3.874.232 (31 December 2011: TL 2.338.582); since the Group cannot deduct 50% of losses attributable to the period(s) that the requirements are applied for tax base increase as a result of its assessments made for the determination of its deductible financial loss and applying the requirements of tax base increase set out in the Law No: 6111, financial loss associated with the deferred tax assets is calculated as TL 40.049.044 (31 December 2011: TL 40.049.044). Deductible financial loss amounting to TL 37.710.462 in relation to discontinued operations is not taken into account in the consolidated financial statements for the period ended 31 December 2011.

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

	31 December 2012	**31 December 2011** (1)
2012	-	1.739
2013	36.057	36.057
2014	674.006	674.006
2015	1.626.780	1.626.780
2016	1.537.389	-
Total	**3.874.232**	**2.338.582**

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

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

NOTE 26 – TAXATION (Continued)

The movements in deferred tax assets/ (liabilities) for the periods 31 December are as follows:

	2012	**2011**
1 January	868.482	681.368
Deferred tax benefit / (charge)	127.015	(2.345.787)
Deferred tax expense associated with other comprehensive income	(764.913)	(416.429)
Period charge from discounted operations (Note 25)	-	(699.452)
Deferred tax liabilitiy from discontinued operations (Note 31)	-	3.648.782
31 December	**230.584**	**868.482**

Tax expenses in the consolidated statements of income for the periods ended 31 December 2012 and 2011 are as follows:

	31 December 2012	**31 December 2011**
- Current period corporate tax	(3.928.839)	(6.563.561)
- Deferred tax benefit/ (charge)	127.015	(2.345.787)
Total tax expense	**(3.801.824)**	**(8.909.348)**

The reconciliation of the taxation on income in the consolidated statement of income for periods ended 31 December 2012 and 2011 and the taxation on income calculated with the current tax rate over income before tax is as follows:

	31 December 2012	**31 December 2011**
Profit before tax from continuing operations	22.974.106	45.484.148
Income tax rate 20% (2011: 20%)	(4.594.821)	(9.096.830)
Effects of carry forward tax losses over which deferred tax asset is not recognized	-	(315.084)
Income not subject to tax	1.293.973	3.159.965
Expenses not subject to tax	(500.976)	(2.376.667)
Reversal of carry forward tax losses over which deferred tax asset is recognized in the prior periods	-	(257.141)
Other	-	(23.591)
Total	**(3.801.824)**	**(8.909.348)**

(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.

	31 December 2012	31 December 2011
Net profit for the period	19.199.798	30.259.282
Weighted average number of shares with face value of TL 1 each	105.000.000	105.000.000
Earning per share (Kr)	0,183	0,288
Net profit for the period from continuing operations	19.199.798	36.617.838
Net loss for the period from discontinued operations	-	(6.358.556)
Weighted average number of shares with face value of TL 1 each	105.000.000	105.000.000
Earning per share from continuing operations (Kr)	**0,183**	**0,349**

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

For the purpose of these consolidated financial statements, including "joint ventures" of Doğan Şirketler Grubu Holding A.Ş., related parties are referred to as legal entities in which the Company directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. As of the balance sheet date, the details of due to/from related parties and related party transactions for the periods ended as of 31 December 2012 and 2011 are summarized as below:

a) Due from related parties:

	31 December 2012	31 December 2011
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (1)	4.403.765	3.202.827
Medyanet İletişim Reklam Paz. Turizm A.Ş. ("Medyanet") (2)	1.482.547	746.130
Doğan Portal ve Elektronik Tic. A.Ş.	824.476	753.833
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	737.980	-
Doğan TV	288.471	-
Mozaik İletişim Hizmetleri A.Ş. (''Mozaik'')	180.977	-
D Elektronik Şans Oyunları	114.538	56.592
Other	120.112	194.495
Total	**8.152.866**	**4.953.877**

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

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

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

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

b) Due to related parties:	**31 December 2012**	**31 December 2011**
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") (1)	7.197.245	8.222.394
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Dış Ticaret")	978.451	382.221
Milpa Ticari Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa")	489.723	647.350
Doğan Yayın Holding A.Ş.	331.427	319.915
Doğan Şirketler Grubu Holding	313.251	253
Doğan TV Digital Platform İşletmeciliği A.Ş.	281.074	-
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	226.595	416.828
Kutup Televizyon ve Radyo Yayıncılık A.Ş. ("Kutup TV")	184.114	-
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	41.951	11.428
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") (2)	-	9.508.335
Doğan Ofset	3.764	766.531
Other	70.795	807.286
	10.118.390	**21.082.541**
Less: Unearned finance expense due to purchases with maturity	(89.036)	(142.450)
	10.029.354	**20.940.091**

(1) Due to Hürriyet is related with printing of the Group newspapers in Hürriyet printing centers.
(2) Due to Kanal D consists of the advertising expenses related with the advertisement of newspapers shown in television.

c) Financial liabilities to related parties:	**31 December 2012**	**31 December 2011**
Doğan Faktoring (1)	-	5.165.940
	-	**5.165.940**

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

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

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

d) Service and product sales to related parties:

	31 December 2012	31 December 2011
Doğan Dağıtım [(1)]	102.500.887	114.688.339
Medyanet [(2)]	2.714.575	4.125.440
Kanal D [(3)]	1.951.514	3.565.651
Doğan Şirketler Grubu Holding	663.505	139.078
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	424.160	58.707
Mozaik İletişim Hizmetleri A.Ş. (''Mozaik'')	223.371	-
Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa")	123.672	109.705
D Elektronik Şans Oyunları	98.110	47.960
Doğan TV Digital Platform İşletmeciliği A.Ş.	82.136	930.748
Doğan TV	65.358	-
Doğan Portal ve Elektronik Tic. A.Ş.	63.115	-
Other	346.697	2.097.379
Total	**109.257.100**	**125.763.007**

(1) Daily distribution of the newspapers of the Group is made by Doğan Dağıtım. As of 31 December 2012, there isn't any portion of sales associated with discontinued operations (31 December 2011: TL 17.713.501).
(2) The sales made to Medyanet consist of the internet advertising sales made from the websites.
(3) Consists of the advertising sales of Kanal D.

e) Service and product purchases from related parties:

	31 December 2012	31 December 2011
Işıl İthalat İhracat [(1)]	44.978.850	60.424.951
Dış Ticaret [(1)]	24.308.425	25.801.352
Hürriyet [(2)]	22.684.064	26.597.504
Doğan Şirketler Grubu	1.913.194	2.028
Doğan Ofset	1.861.038	1.692.438
Ortadoğu Oto [(3)]	1.738.520	-
D-Yapı İnşaat[(4)]	1.405.634	-
Doğan Haber Ajansı	1.140.732	1.099.020
Milta Turizm	649.107	768.398
Other	364.199	1.187.170
	101.043.763	**117.572.861**
Less: Unearned finance expense due to purchases with maturity	(588.563)	(940.706)
	100.455.200	**116.632.155**

(1) The Group purchases its raw materials like paper, printing materials from Doğan Dış Ticaret and Işıl İthalat İhracat. TL 12.337.699 of cost is related to the discontinued operations as of 31 December 2011.
(2) The newspapers of the Group are printed in the printing houses of Hürriyet.
(3) Consists of the rent expense of Ortadoğu Oto Trump Towers.
(4) D-Yapı İnşaat amount is related with the costs of preparing and designing office after the moving of the Group to Trump Towers.

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

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

(f) Other significant transactions with related parties:

Other income/ (expense), net

	31 December 2012	31 December 2011
Doğan TV [(1)]	2.919.698	2.712.612
Hürriyet	1.628.578	(1.124.005)
Other	183.640	(488.788)
	4.731.916	**1.099.819**

(1) Consists of rent income from Doğan TV. Other rent income totaling TL 4.937.462 (31 December 2011: TL 2.739.513) from related parties consist of TL 2.919.698 (31 December 2011: TL 2.712.612) from Doğan TV, TL 1.801.988 (31 December 2011: None) from Hürriyet, TL 68.640 (31 December 2011: TL 19.920) from Doğan Haber Ajansı, TL 57.640 TL (31 December 2011: None) from Doğan Faktoring, TL 57.360 (31 December 2011: None) from Doğan TV Dijital Platform, TL 29.016 (31 December 2011: None) from Doğan Şirketler Grubu and TL 3.120 (31 December 2011: TL 6.981) from other related parties (Note 10).

Financial (expenses)/income, net

	31 December 2012	31 December 2011
Doğan Factoring	(280.705)	(373.972)
Kanal D	-	(283.520)
Other	(2.900)	(195.842)
Financial expenses	**(283.605)**	**(853.334)**

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

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

f) Other significant transactions with related parties (Continued):

General administrative, marketing, distribution and selling expenses:

	31 December 2012	31 December 2011
Doğan Dağıtım [(1)]	16.650.304	17.737.619
D Yapım Reklamcılık ve Dağıtım A.Ş.	650.593	1.622.969
Kanal D [(2)]	648.252	3.736.777
Hürriyet	444.421	195.879
Kutup TV ve Radyo	156.029	5.238
Doğan Burda	134.088	100.228
Mozaik	70.000	138.853
Osmose Media	59.997	-
Doğan TV Digital	41.675	91.538
Doğan Yayın Holding	9.363	1.902.581
Star [(3)]	-	2.059.245
Other	75.712	551.776
	18.940.434	**28.142.703**

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

(2) The Group receives television advertising services from Kanal D.

(3) Star TV is considered as related party until the transfer and sale of shares to Doğuş Yayın Grubu as of 3 November 2011.

f) Remuneration paid to top management:

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

	31 December 2012	31 December 2011
Salaries and other short term benefits	4.897.021	6.646.113
Post-employment benefits	-	393.066
Total	**4.897.021**	**7.039.179**

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

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 (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.

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

Financial instruments with fixed interest rate	**31 December 2012**	**31 December 2011**
Financial liabilities	455.653	5.165.940

The Group doesn't have financial borrowings with floating interest rates as of 31 December 2012 (31 December 2011: None).

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

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 through offsetting foreign currency assets and liabilities. These risks are monitored and limited by analyzing foreign currency position.

	31 December 2012	**31 December 2011**
Assets	86.307.864	98.916.537
Liabilities	(86.193)	(91.333)
Net foreign currency position	**86.221.671**	**98.825.204**

As of 31 December 2012, foreign currency denominated asset and liability balances were converted with the following exchange rates: TL 1,7826 = USD 1 and TL 2,3517 = EUR 1 (31 December 2011: TL 1,8889 = USD 1 and TL 2,4438 = EUR 1).

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2012	**TL Equivalent**	**USD**	**Euro**	**Other**
1. Trade Receivables	1.129.728	1.129.728	-	-
2a. Monetary Financial Assets (Cash, Banks included)	22.942.747	22.905.997	26.096	10.654
2b. Non-Monetary Financial Assets	26.681.078	26.681.078	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**50.753.553**	**50.716.803**	**26.096**	**10.654**
5. Trade Receivables	3.235.852	3.235.852	-	-
6a. Monetary Financial Assets	32.318.459	32.318.459	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**35.554.311**	**35.554.311**	**-**	**-**
9. Total assets (4+8)	**86.307.864**	**86.271.114**	**26.096**	**10.654**
10. Trade Payables	86.193	86.193	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**86.193**	**86.193**	**-**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-current Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	**86.193**	**86.193**	**-**	**-**
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	**86.221.671**	**86.184.921**	**26.096**	**10.654**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**59.540.593**	**59.503.843**	**26.096**	**10.654**
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Exports	-	-	-	-
24. Imports	-	-	-	-

(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 Receivable	1.831.779	1.831.779	-	-
2a. Monetary Financial Assets (Cash, Banks included)	29.941.052	29.928.874	4.958	7.220
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**31.772.831**	**31.760.653**	**4.958**	**7.220**
5. Trade Receivables	3.235.852	3.235.852	-	-
6a. Monetary Financial Assets	63.907.854	63.907.854	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**67.143.706**	**67.143.706**	**-**	**-**
9. Total assets (4+8)	**98.916.537**	**98.904.359**	**4.958**	**7.220**
10. Trade Payables	91.333	91.333	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**91.333**	**91.333**	**-**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-current Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	**91.333**	**91.333**	**-**	**-**
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**
19.a Off-balance sheet foreign currency derivative assets	**-**	**-**	**-**	**-**
19b. Off-balance sheet foreign currency derivative liabilities	**-**	**-**	**-**	**-**
20. Net foreign currency asset liability position (9-18+19)	**98.825.204**	**98.813.026**	**4.958**	**7.220**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**98.825.204**	**98.813.026**	**4.958**	**7.220**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**
23. Exports	**-**	**-**	**-**	**-**
24. Imports	**-**	**-**	**-**	**-**

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Group is exposed to foreign exchange risk arising primarily from USD and Euro, mainly. The analysis of sensitivity to foreign currency is as follows:

	Income/Loss	
31 December 2012	**Foreign currency appreciates**	**Foreign currency depreciates**
If the US dollar had changed by 10% against the TL		
USD net (liability)/asset	8.618.492	(8.618.492)
Hedging amount of USD	-	-
USD net effect on income/(loss)	**8.618.492**	**(8.618.492)**
If the EUR had changed by 10% against the TL		
EUR net (liability)/asset	2.610	(2.610)
Hedging amount of EUR	-	-
EUR net effect on income/(loss)	**2.610**	**(2.610)**
If the GBP had changed by 10% against the TL		
GBP net (liability)/asset	1.065	(1.065)
Hedging amount of GBP	-	-
GBP net effect on income/(loss)	**1.065**	**(1.065)**

	Income/Loss	
31 December 2011	**Foreign currency appreciates**	**Foreign currency depreciates**
If the US dollar had changed by 10% against the TL		
USD net (liabilities)/assets	9.881.303	(9.881.303)
Hedging amount of USD	-	-
USD net effect on (loss)/income	**9.881.303**	**(9.881.303)**
If the EUR had changed by 10% against the TL		
EUR net (liability)/asset	496	(496)
Hedging amount of EUR	-	-
EUR net effect on income/(loss)	**496**	**(496)**
If the GBP had changed by 10% against the TL		
GBP net (liability)/asset	722	(722)
Hedging amount of GBP	-	-
GBP net effect on income/ (loss)	**722**	**(722)**

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 31 December 2012 and 2011 is as follows:

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

	Trade receivables		Other receivables		Cash and	Derivative	
31 December 2012	**Related Party**	**Other**	**Related Party**	**Other**	**cash equivalents**	**instruments**	**Other**
Maximum credit risk exposure as of balance sheet date	8.152.866	45.095.921	-	59.023.047	34.902.843	-	-
- Collateralized or secured with guarantees part of maximum credit risk	-	*6.456.754*	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	8.114.341	26.814.156	-	59.023.047 [1]	34.902.843	-	-
- Guaranteed amount by commitment	-	*1.299.725*	-	-	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-	-	-
C. Past due but not impaired	38.525	18.281.765	-	-	-	-	-
- Guaranteed amount by commitment	-	*5.157.029*	-	-	-	-	
D. Impaired asset net book value	-	-	-	-	-	-	-
- Past due (gross amount)	-	15.607.178	-	-	-	-	-
- Impairment (-)	-	(15.607.178)	-	-	-	-	-
- 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 30.177 are not included as of 31 December 2012.

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011	Trade receivables Related Party	Trade receivables Other	Other receivables Related Party	Other receivables Other	Cash and cash equivalents	Derivative instruments	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[1]	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	-	-	-	-	-	-	-

[1] Deposits and guarantees given in other non-current receivables amounting to TL 59.770 are not included as of 31 December 2011.

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

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

	Trade receivables		**Bank**	**Derivative**	
31 December 2012	**Related party**	**Other**	**deposits**	**instruments**	**Other**
1 to 30 days overdue	123	6.591.488	-	-	-
1 to 3 months overdue	-	5.290.840	-	-	-
3 to 12 months overdue	-	4.362.762	-	-	-
More than 1 year overdue	38.402	2.036.675	-	-	-
Total	**38.525**	**18.281.765**	**-**	**-**	**-**
Guaranteed amount by commitment	-	*5.157.029*	-	-	-

	Trade receivables		**Bank**	**Derivative**	
31 December 2011	**Related party**	**Other**	**deposits**	**instruments**	**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	-	-	-
Total	**727.483**	**24.200.855**	**-**	**-**	**-**
Guaranteed amount by commitment	-	*10.049.015*	-	-	-

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

	Trade receivables		**Bank**	**Derivative**	
31 December 2012	**Related party**	**Other**	**deposits**	**instruments**	**Other**
0 to 3 months overdue	-	-	-	-	-
3 to 12 months overdue	-	-	-	-	-
1 to 5 years overdue	-	15.607.178	-	-	-
Less: provision for impairment	-	(15.607.178)	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011	Trade receivables Related party	Trade receivables Other	Bank deposits	Derivative instruments	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)	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

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.

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2012 and 31 December 2011, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

31 December 2012	**Book value**	**Contractual undiscounted cash flow**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Financial liabilities excluding derivatives						
Financial liabilities (Note 6)	455.653	455.653	455.653	-	-	-
Due to related parties (Note 28b) [1]	10.029.354	9.628.668	9.628.668	-	-	-
Other trade payables (Note 7) [2]	6.140.256	5.253.842	5.253.842	-	-	-
Other payables (Note 8)	3.412.600	3.412.600	3.412.600	-	-	-

31 December 2011	**Book value**	**Contractual undiscounted cash flow**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Financial liabilities excluding derivatives						
Financial liabilities (Note 28)	5.165.940	5.213.395	5.213.395	-	-	-
Due to related parties (Note 28b) [1]	20.940.091	20.435.190	20.435.190	-	-	-
Other trade payables (Note 7) [2]	8.009.460	6.350.058	6.350.058	-	-	-
Other payables (Note 8)	4.666.678	4.666.678	4.666.678	-	-	-

(1) Barter related liabilities in accordance with contracts amounting to TL 489.722 (31 December 2011: TL 647.351) are not included in the total cash outflow.

(2) Barter related liabilities in accordance with contracts amounting to TL 886.414 (31 December 2011: TL 1.659.402) are not included in the total cash outflow.

(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.

	31 December 2012	31 December 2011
Total liabilities	27.954.821	46.720.271
Less: cash and cash equivalents (Note 4)	(34.902.843)	(340.102)
Net (asset) / liability	**(6.948.022)**	**46.380.169**
Equity	322.347.123	275.461.909
Total equity	**315.399.101**	**321.842.078**
Net liability/total equity ratio	**(2,2%)**	**14,4%**

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 - OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR THAT MAY SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OF FINANCIAL STATEMENTS

Restatement of Prior Year Financial Statements

The Group's investment properties were previously carried under the cost method in the prior years in accordance with IAS 40. When the financial statements for the period 31 December 2012 are prepared, fair values of investment properties are determined and financial statements were restated starting from 1 January 2010 accordingly in accordance with "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8"). As a result of this amendment, as of 31 December 2011, the investment properties of the Group have increased by TL 62.115.856 (31 December 2010: TL 31.026.540); effect of this amendment to the shareholders' equity and net loss for the period of the Group is TL 58.861.086 (31 December 2010: TL 29.580.381) and TL 21.368.558 (31 December 2010: TL 29.580.381) respectively.

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

NOTE 31 - OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR THAT MAY SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OF FINANCIAL STATEMENTS (CONTINUED)

31 December 2010

	Previously Reported	**Fair value adjustment**	**Restated**
Investment properties	14.230.531	31.026.540	45.257.071
Deferred tax liability (net)	2.127.525	(1.446.159)	681.366
Net profit / (loss) for the period	(16.528.807)	29.580.381	13.051.574
Sales income	194.164.644		194.164.644
Cost of sales (-)	(112.312.068)		(112.312.068)
Marketing, sales and distribution expenses (-)	(44.650.230)		(44.650.230)
General administrative expenses (-)	(10.514.010)		(10.514.010)
Other operating income	8.866.343	31.026.540	39.892.883
Other operating expenses (-)	(9.367.932)		(9.367.932)
Financial income	2.476.852		2.476.852
Financial expenses (-)	(2.203.792)		(2.203.792)
Current period tax charge	(4.554.352)		(4.554.352)
Deferred tax (expense)/income	330.450	(1.446.159)	(1.115.709)
Net loss after tax from discontinued operations	(38.863.960)		(38.863.960)
Non-controlling interests	(99.248)		(99.248)
Attributable to equity holders of the Parent Company	(16.528.807)	29.580.381	13.051.574

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

NOTE 31 - OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR THAT MAY SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OF FINANCIAL STATEMENTS (CONTINUED)

31 December 2011

	Previously Reported	**Fair value adjustment**	**Restated**
Investment properties	16.616.641	62.115.856	78.732.497
Deferred tax liability, (net)	4.123.252	(3.254.770)	868.482
Investment property revaluation reserve	-	7.912.147	7.912.147
Retained earnings	(27.345.921)	29.580.381	2.234.460
Net profit for the period	8.890.724	21.368.558	30.259.282
Sales income	193.166.112	-	193.166.112
Cost of sales	(126.377.052)	165.954	(126.211.098)
Marketing and sales expenses	(40.821.791)	15.906	(40.805.885)
General administrative expenses	(16.129.166)	184.014	(15.945.152)
Other operating income	6.403.730	22.402.915	28.806.645
Other operating expenses	(10.494.413)	(8.049)	(10.502.462)
Financial income	29.604.829	-	29.604.829
Financial expenses	(12.628.841)	-	(12.628.841)
Tax charge	(7.517.166)	(1.392.182)	(8.909.348)
Net profit for the period	15.206.242	21.368.558	36.574.800
Net loss after taxes from discontinued operations	(6.358.556)	-	(6.358.556)
Allocation of net profit	8.847.686	21.368.558	30.216.244
Attributable to non-controlling interests	(43.038)	-	(43.038)
Attributable to equity holders of the Parent Company	8.890.724	21.368.558	30.259.282

NOTE 32 - SUBSEQUENT EVENTS

The consolidated financial statements for the period ended 31 December 2012 were approved by the Board of Directors on 8 April 2013. Other than Board of Directors has no authority to change financial statements.

Within the scope of usage of "put option" by Deutsche Bank AG, in accordance with the "Put Option Agreements" signed on 26 July 2007 between Doğan Yayın Holding, the main shareholder of the Group, and Deutsche Bank AG and amended by the amendment agreement dated 10 November 2008, Deutsche Bank AG's share in Doğan Gazetecilik, direct subsidiary of Doğan Yayın Holding amounting to 23.100.000 bearer shares with a nominal value of TL 1 each which corresponds to 22% of TL 105.000 issued capital of Doğan Gazetecilik has been purchased by Doğan Yayın Holding in consideration of USD 122.322.846,03 as of 20.02.2013.

As a result of the above-mentioned purchase of the shares, Doğan Yayın Holding's share in Group's capital has become 92,76%.