DOĞAN GAZETECİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013 INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE REVIEW REPORT ORIGINALLY ISSUED IN TURKISH

REVIEW REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Doğan Gazetecilik A.Ş. (the "Company") and its subsidiaries (together the "Group") as of 30 June 2013 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material aspects, the financial position of Doğan Gazetecilik A.Ş., and its subsidiaries as at 30 June 2013, and its financial performance and cash flows for the six-month period then ended in accordance with the Turkish Accounting Standards issued by the POA.

İstanbul, 20 August 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. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013

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

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REVIEWED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2013

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

	Note	*Reviewed* 30 June 2013	*Restated Audited* 31 December 2012
ASSETS			
Current Assets		**140.326.192**	**118.144.576**
Cash and cash equivalents	4	52.151.011	34.902.843
Trade receivables			
- Trade receivables from related parties	26	9.287.317	8.152.866
- Trade receivables from non-related parties	7	46.448.358	45.200.205
Other receivables	8	28.596.215	26.681.078
Inventories	9	2.000.287	1.393.353
Prepaid expenses	17	456.229	603.364
Other current assets	17	1.386.775	1.210.867
Non-Current Assets		**232.832.390**	**245.579.398**
Other receivables	8	20.478.978	32.348.636
Financial investments	5	-	17.247
Investments accounted for by using the equity method	3	34.347	-
Investment property	10	130.033.082	130.205.000
Property, plant and equipment	11	7.391.686	7.516.694
Intangible assets			
- Goodwill	13	60.428.513	60.428.513
- Other intangible assets	12	11.700.598	12.188.167
Deferred tax asset	24	152.292	230.584
Other non-current assets	17	2.612.894	2.644.557
Total assets		**373.158.582**	**363.723.974**

These consolidated financial statements as of and for the interim period ended 30 June 2013 has been approved by the Board of Directors on 20 August 2013.

DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

REVIEWED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2013

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

	Note	*Reviewed* 30 June 2013	*Restated Audited* 31 December 2012
LIABILITIES			
Current Liabilities		**34.668.161**	**29.020.278**
Short-term borrowings	6	-	455.653
Trade payables			
- Trade payables to related parties	26	12.347.879	10.029.354
- Trade payables to non-related parties	7	7.607.458	6.140.263
Payable regarding employee benefits	16	1.322.290	1.375.088
Other payables	8	829.935	2.037.511
Deferred income	17	1.433.602	958.214
Income tax payable	24	2.570.154	1.065.457
Short-term provisions			
- Short-term provisions regarding employee benefits	16	3.490.743	2.002.883
- Other short-term provisions	14	5.066.100	4.955.855
Non-Current Liabilities		**12.281.712**	**11.979.697**
Long-term provisions regarding employee benefits	16	12.281.712	11.979.697
EQUITY	**18**	**326.208.709**	**322.723.999**
Equity attributable to equity holders of the Parent Company	**18**	**325.839.342**	**322.347.123**
Paid-in capital	18	105.000.000	105.000.000
Adjustment to share capital	18	45.910.057	45.910.057
Share premium	18	82.060.000	82.060.000
Accumulated other comprehensive income or expenses that will not be reclassified in profit or loss			
- Gain on revaluation and remeasurement	18	39.104.778	39.104.778
- Other losses	18	(3.507.215)	(3.507.215)
Restricted reserves	18	3.245.438	2.085.963
Retained earnings		38.939.321	32.493.742
Net income for the period		15.086.963	19.199.798
Non-Controlling Interests		**369.367**	**376.876**
Total Liabilities and Equity		**373.158.582**	**363.723.974**

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

REVIEWED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013

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

	Note	*Reviewed* 1 January- 30 June 2013	*Not Reviewed* 1 April- 30 June 2013	*Restated Reviewed* 1 January- 30 June 2012	*Restated Not Reviewed* 1 April- 30 June 2012
Continued operations					
Sales	19	102.113.487	53.166.702	99.258.553	52.276.342
Cost of sales (-)	19	(61.328.218)	(31.468.628)	(65.101.928)	(31.923.659)
Gross operating profit		**40.785.269**	**21.698.074**	**34.156.625**	**20.352.683**
Marketing, sales and distribution expenses (-)	20	(24.558.004)	(12.171.316)	(21.110.345)	(11.821.173)
General administrative expenses (-)	20	(7.154.518)	(3.698.909)	(7.525.907)	(3.609.354)
Other income from operating activities	22	7.705.510	3.972.493	4.799.007	1.662.027
Other expenses from operating activities (-)	22	(2.461.335)	(1.090.781)	(4.237.589)	(2.549.641)
Operating profit		**14.316.922**	**8.709.561**	**6.081.791**	**4.034.542**
Income from investing activities	23	7.020.573	4.676.042	5.737.750	4.004.188
Expenses from investing activities (-)	23	(1.759.113)	(759.541)	(9.924.237)	(2.618.796)
Share of loss on investments accounted for by using the equity method		(10.950)	(1.897)	-	-
Operating profit before financial expenses		**19.567.432**	**12.624.165**	**1.895.304**	**5.419.934**
Finance expenses (-)		-	-	-	-
Profit before income taxes from continued operations		**19.567.432**	**12.624.165**	**1.895.304**	**5.419.934**
Tax expense from continued operations		**(4.487.978)**	**(3.313.556)**	**(603.134)**	**(1.470.610)**
- Current income tax expense	24	(4.409.686)	(2.619.003)	(829.534)	(822.591)
- Deferred tax income / (expense)	24	(78.292)	(694.553)	226.400	(648.019)
Income for the period from continued operations		**15.079.454**	**9.310.609**	**1.292.170**	**3.949.324**
Income for the period		**15.079.454**	**9.310.609**	**1.292.170**	**3.949.324**
Allocation of income for the period					
Attributable to non-controlling interests		(7.509)	(729)	(14.397)	(15.453)
Attributable to equity holders of the Parent Company		15.086.963	9.311.338	1.306.567	3.964.777
Earning per share attributable to equity holders of the Parent Company	25	0,14	0,09	0,01	0,04

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

REVIEWED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY - 30 JUNE 2013

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

	Note	*Reviewed* 1 January- 30 June 2013	*Not Reviewed* 1 April- 30 June 2013	*Restated Reviewed* 1 January- 30 June 2012	*Restated Not Reviewed* 1 April- 30 June 2012
INCOME FOR THE PERIOD		**15.079.454**	**9.310.609**	**1.292.170**	**3.949.324**
OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**	**-**
Items that will not be reclassified in profit or loss		**-**	**-**	**25.467.494**	**25.467.494**
Investment property revaluation reserves		-	-	26.807.888	26.807.888
Deferred tax effect of gain on revaluation of investment property		-	-	(1.340.394)	(1.340.394)
TOTAL COMPREHENSIVE INCOME		**15.079.454**	**9.310.609**	**26.759.664**	**29.416.818**
Allocation of total comprehensive expense / (income)					
Attributable to non-controlling interests		(7.509)	(729)	(14.397)	(13.341)
Attributable to equity holders of the Parent Company		15.086.963	9.311.338	26.774.061	29.430.159

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

DOĞAN GAZETECİLİK A.Ş. AND ITS SUBSIDIARIES

REVIEWED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY FOR THE PERIODS 30 JUNE 2013

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

					Accumulated other comprehensive income and expenses that will not be reclassified in Profit or Loss			Retained Earnings				
	Note References	**Share Capital**	**Adjustments to Share Capital**	**Share Premium**	**Gain / (loss) on revaluation and remeasurement**	**Actuarial gain / (losses) in defined benefit plans**	**Restricted reserves**	**Retained Earnings**	**Net profit /(loss) for the Period**	**Attributable to equity holders of the Parent Company**	**Non-controlling interests**	**Total Equity**
1 January 2012	18	105.000.000	45.910.057	82.060.000	7.912.147	-	2.085.963	2.234.460	30.259.282	275.461.909	404.392	275.866.301
Transfers		-	-	-	-	-	-	30.259.282	(30.259.282)	-	-	-
Total comprehensive income		-	-	-	**25.467.494**	-	-	-	**1.306.567**	**26.774.061**	**(14.397)**	**26.759.664**
-Gains on revaluation of investment property		-	-	-	*25.467.494*	-	-	-	-	*25.467.494*	-	*25.467.494*
Net profit for the period									*1.306.567*	*1.306.567*	*(14.397)*	*1.292.170*
30 June 2012	18	105.000.000	45.910.057	82.060.000	33.379.641	-	2.085.963	32.493.742	1.306.567	302.235.970	389.995	302.625.965
Previously reported												
1 January 2013	18	105.000.000	45.910.057	82.060.000	39.104.778	-	2.085.963	28.986.527	19.199.798	322.347.123	376.876	322.723.999
Actuarial losses in defined benefit plans after tax		-	-	-	-	*(3.507.215)*	-	*3.507.215*	-	-	-	-
Restated **1 January 2013**		105.000.000	45.910.057	82.060.000	39.104.778	(3.507.215)	2.085.963	32.493.742	19.199.798	322.347.123	376.876	322.723.999
Transfers		-	-	-	-	-	1.159.475	18.040.323	(19.199.798)	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	**15.086.963**	**15.086.963**	**(7.509)**	**15.079.454**
Net profit for the period		-	-	-	-	-	-	-	15.086.963	15.086.963	(7.509)	15.079.454
Dividends		-	-	-	-	-	-	(11.594.744)	-	(11.594.744)	-	(11.594.744)
30 June 2013	18	105.000.000	45.910.057	82.060.000	39.104.778	(3.507.215)	3.245.438	38.939.321	15.086.963	325.839.342	369.367	326.208.709

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

REVIEWED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

	Note References	30 June 2013	30 June 2012
CASH FLOWS FROM OPERATING ACTIVITIES		**8.377.820**	**(3.438.321)**
Profit / loss before tax		19.567.432	1.895.304
Adjustments to reconcile net profit / loss for the period		**1.876.228**	**2.152.642**
Adjustments related to depreciation and amortization expenses	11,12	1.455.583	1.481.891
Gain on disposal of net non-current assets	23	86.225	276.918
Unearned finance expenses due to purchases with maturity		232.594	352.676
Unearned finance income due to sales with maturity	26	(103.693)	(125.172)
Profit from barter transactions		(1.259.686)	(1.213.480)
Adjustments related to interest income and expenses		(278.240)	(393.619)
Adjustments related to impairment		591.286	828.279
Provision for unused vacation liability	16	543.381	258.909
Provision for employment termination benefits	16	674.712	1.012.060
Gain on investments accounted for by using the equity method	3	10.950	-
Provision for impairment on inventory	9	(76.884)	(325.820)
Movements in working capital		**1.528.358**	**(5.704.719)**
Increase / (decrease) in trade receivables		(2.072.022)	2.455.276
Increase in due from related parties		(1.134.451)	(385.473)
Increase in inventories		(530.050)	(191.882)
Adjustments related to decrease in receivables from operating activities		(2.689)	(1.228.807)
Decrease / (increase) in trade payables		2.473.808	1.505.567
Increase / (decrease) in due to related parties		2.376.921	(7.268.884)
Adjustments related to (increase) / decrease in payables regarding operating activities		(637.878)	(25.734)
Increase / (decrease) in other current liabilities		1.054.719	(564.782)
Cash generated by/ (used in) operating activities		**22.972.018**	**(1.656.773)**
Interest paid		(41.015)	(59.860)
Interest received		319.255	453.479
Tax payments		(2.904.997)	(560.277)
Retirement pay provision paid	16	(372.697)	(1.614.890)
Dividends paid		(11.594.744)	-
CASH FLOWS FROM INVESTING ACTIVITIES		**9.475.691**	**17.432.547**
Cash outflow from acquisition of property, plant and equipment and intangible assets	11,12	(878.449)	(4.103.121)
Proceeds from sale of property, plant and equipment and intangible assets and assets held for sale		374.218	1.371.004
Financial investments		17.246	-
Cash proceeds from sale of subsidiaries		9.962.676	20.164.664
CASH FLOWS FROM FINANCING ACTIVITIES		**(602.757)**	**(5.165.940)**
Decrease in borrowings due to repayments		(602.757)	(5.165.940)
Net change in cash and cash equivalents		17.250.754	8.828.286
Cash and cash equivalents at the beginning of the period	**4**	**34.856.399**	**340.102**
Cash and cash equivalents at the end of the period	**4**	**52.107.153**	**9.168.388**

The accompanying notes form an integral part of these interim 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") is engaged in circulation of all kinds of newspapers daily, weekly, monthly or in periods, engage in all kinds of issues related to journalism and in distribution and sales activities of all kinds of newspapers, magazines, books and etc.

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 company 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 5,66% (31 December 2012: 5,47%) of the shares are outstanding and 41,39% of the shares are publicly available as of 30 June 2013 based on the Central Registry Agency A.Ş.'s ("CRA") records (Note 18).

Subsidiaries

The table below sets out all subsidiaries included in the scope of consolidation at 30 June 2013 and 31 December 2012:

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

Joint venture

The table below sets out the joint venture included in the scope of consolidation at 30 June 2013 and 31 December 2012:

	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

Public Oversight, Accounting and Auditing Standards Authority ("POA"), published the "Financial Statement Samples and User Guide", to be prepared in the scope of TAS/TFRS in accordance with the "Turkey Accounting / Financial Reporting Standards" in the Official Gazette No. 28652 dated 20 May 2013 for the companies that are obliged to apply Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") except for the financial institutions such as banks, insurance companies, capital market institutions operating under the scope of Banking Act 5411, the Capital Market Law No. 6362, No. 5684, No. 4683 of the Insurance Law, Private Pension Savings and Investment.

In accordance with the Capital Markets Board ("CMB")'s No. II-14.1 "Principles of Financial Reporting in Capital Markets" ("Communiqué No. II-1.14"), capital market institutions except for the partnerships whose issued capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds, financial statements, should prepare its financial statements in accordance with TAS / TFRS.

Upon the CMB's resolution dated 7 June 2013 and 20/670, for capital market institutions, except for the corporations whose capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds within the scope of Communique No: II-14.1, formats are declared in the weekly bulleting numbered 2013/19 starting from the interim periods after 31 March 2013 at 7 June 2013. The Company has prepared its consolidated financial statements as of 30 June 2013 in accordance with the standards explained above.

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, ("TAS 29") "Financial Reporting in Hyperinflationary Economies" was not applied since 1 January 2005.

The Group maintains its books of account and prepares their statutory financial statements in Turkish Lira and 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.

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.

(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

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

(a) Subsidiaries

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

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

The table below sets out the subsidiaries included in the scope of consolidation and shows its shareholding structure at 30 June 2013 and 31 December 2012:

	Proportion of voting power held by the Group (%) 30 June 2013	Proportion of voting power held by the Group (%) 31 December 2012
Doğan Gazetecilik İnternet	98,95	98,19
Posta Haber	99,91	86,85

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

2.1 Basis of presentation (Continued)

2.1.2 Consolidation principles (Continued)

(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 cannot 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) 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 prior period to identify the financial position and performance trends in accordance with TFRS. The balance sheet of the Group at 30 June 2013 has been provided with the comparative financial information of 31 December 2012 and the statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the period 1 January - 30 June 2013 have been provided with the comparative financial information for the period 1 January - 30 June 2012. In order to maintain consistency, with current period consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current period, the Group has also made some reclassifications in its prior period financial statements in order to comply with the presentation of financial statement formats with respect to the decree numbered 20/670 and dated 7 June 2013 published by "CMB".

The reclassifications made at consolidated balance sheet as of 31 December 2012 are as follows:

- Prepaid expenses amounting to TL 603.144 TL and TL 220 of prepaid taxes and funds recognised under other current assets account group have been reclassified to "prepaid expenses" in the balance sheet as a separate account (Note 17),

- TL 958.214 of "deferred income" recognised under "other short-term liabilities" account group have been reclassified to "short-term deferred income" account (Note 17),

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

2.1 Basis of presentation (Continued)

2.1.4 Comparative information (Continued)

- Income accruals amounting to TL 104.284 recognised under other current assets account group have been reclassified to "trade receivables" account (Note 7),
- Goodwill amounting to TL 60.428.513 is recognized under "intangible assets" account (Note 13),
- Prepaid expenses amounting to TL 23.510 recognized under other long-term receivables account group have been reclassified to "prepaid expenses" in the balance sheet as a separate account under non-current assets (Note 17),
- Payables to the personnel amounting to TL 898.594 and TL 476.494 of social security premiums payable recognised under other payables account have been reclassified to "payables regarding employee benefits" in the balance sheet as a separate account (Note 16),
- Unused vacation provision amounting to TL 2.002.883 recognised under other short-term liabilities account group have been reclassified to "short-term provisions regarding to employee benefits" (Note 16),
- Lawsuit provisions amounting to TL 4.955.855 recognised under provisions have been reclassified to "other short-term provisions" account (Note 14).

Reclassifications made on the consolidated statement of profit or loss as of 30 June 2012 is as follows:

- Credit finance income amounting to TL 1.180.969, foreign exchange gains amounting to TL 83.315 and interest income accruals amounting to TL 453.479 recognised under financial income have been reclassified to "other income from operating activities" account,
- Credit finance expenses amounting to TL 367.458, foreign exchange losses amounting to TL 66.984, interest expense amounting toTL 59.860, factoring expenses amounting to TL 158.673 and other financial expenses amounting to TL 145.740 recognised under financial expenses have been reclassified to "other expenses from operating activities" account,
- Gain on sale of property, plant and equipment amounting to TL 141.793 recognised under other operating income, have been reclassified to "income from investing activities" account,
- Foreign exchange gains due to the receivables from the sale of subsidiary amounting to TL 4.981.367 recognised under financial income, have been reclassified to "income from investing activities" account,
- Loss on sale of property, plant and equipment amounting to TL 418.711 recognised under other operating expenses, have been reclassified to "expenses from investing activities" account,
- Foreign exchange losses due to the receivables from the sale of subsidiary amounting to TL 9.505.526 recognised under financial expenses, have been reclassified to "expenses from investing activities" account,

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

2.1 Basis of presentation (Continued)

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 "TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" ("TAS 8").

2.1.6 Adoption of New and Revised Turkish Financial Reporting 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 2013 and have effect on the financial statements of the Group

TAS 1 (Amendments) *Presentation of Items of Other Comprehensive Income*

New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (as revised in 2011) and TAS 28 (as 2011).

Key requirements of these five Standards are described below:

TFRS 10 replaces the parts of TAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of TFRS 10. Under TFRS 10, there is only one basis for consolidation that is control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 Interests in Joint Ventures. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

(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 Turkish Financial Reporting Standards (Continued)

(a) New and Revised Standards effective beginning from 1 January 2012 and have effect on the financial statements of the Group (Continued)

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

The amendments made under TFRS 10,11 and 12 are published in June 2012 in order to clarify the transaction regulations related to first time adoption.

These five standards together with the amendments on transaction regulations stated above have been effective starting from 1 January 2013. The application of these five standards does not have any significant effect on the consolidated financial statements except the amendments on TFRS 11. Joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportionate accounting and these amendments should be implemented retrospectively. The group management has assessed the effects of changes under accounting policies and concluded not to restate the previous years' financial statements since calculated amount after tax could not exceed the materiality limits. The current year effects of this amendment are disclosed under Note 3.

(b) Standards effective from 1 January 2013 and have no effect on the financial statements of the Group

TAS 1 (Amendments)	*Clarification of the Requirements for Comparative Information*
TFRS 7 (Amendments)	*Transition Disclosures*
TFRS 12 (Amendments)	*Disclosure of Interests in Other Entities*
TFRS 13	*Fair Value Measurement*
TFRS 7 (Amendments)	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
TAS 27	*Separate Financial Statement*
TAS 28	*Investments in Associates and Joint Ventures*
Amendments to TFRSs	*Annual Improvements to TFRSs 2009-2011 Cycle except for the amendment to TAS 1*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

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

2.1 Basis of presentation (Continued)

2.1.6 Adoption of New and Revised Turkish Financial Reporting Standards (Continued)

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

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

TFRS 9	*Financial Instruments*
TFRS 9 and TFRS 7 (Amendments)	*TFRS 9 and mandatory deadline for transition disclosures*
TAS 32 (Amendments)	*Offsetting Financial Assets and Financial Liabilities*

The above standards will be applicable in 2014 and the following years, the Group has not determined the potential impact of the application of these standards over its financial statements. The applications of these standards in question are expected not to have a significant impact on the financial statements.

2.2 Summary of Significant Accounting Policies

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

Segmental reporting

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

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 26).

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

2.2 Summary of Significant Accounting Policies (Continued)

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 TAS 8 as explained in Note 2.1.5 "Significant Accounting Policies and Changes in Accounting Estimates and Errors". The Group management executes market research as of the interim periods and if no any significant change is observed, the revaluations are made at year ends and reflected the effects on the financial statements.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made 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.

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

Summary of Significant Accounting Policies (Continued)

Property, plant, and equipment (Continued)

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

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

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).

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

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization (Continued)

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.

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)

Estimated useful lives of intangible assets are as follows:

Rights	5-10 years
Software	3-5 years

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 24). 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 24).

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

2.3 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)

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 is disclosed in the consolidated statement of profit of loss by dividing net 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 earning per share computations is derived by giving retroactive effect to the issuances of the shares without consideration (Note 25).

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 adoptation of a new TAS/TFRS are applied retrospectively or prospectively in accordance with the respective TASs/TFRSs 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.

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 2012.

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

2.2 Summary of Significant Accounting Policies (Continued)

Subsequent events

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

The Group adjusts amounts in financial statements accordingly, when an operation or event to be adjusted exists after balance sheet date. In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial 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 raised from 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 – INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

The aggregate amounts of current and non-current assets, current and non-current liabilities and equity of the joint ventures, which are consolidated by using the equity method in accordance with TFRS 11 in the consolidated financial statements prepared as of 30 June 2013, are disclosed below:

The proportion of investments accounted for by using the equity method at 30 June 2013 and 31 December 2012 is as follows:

Subsidiary	**30 June 2013 (%)**	**31 December 2012 (%)**
Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti.	50	50

The financial information of the investments accounted for by using the equity method included in the consolidated financial statements as of 30 June 2013 and 31 December 2012 using the equity method is as follows:

Balance sheets:	**30 June 2013**	**31 December 2012**
Current assets	149.387	162.136
Non-current assets	6.161	6.160
Total assets	**155.548**	**168.296**
Current liabilities	86.854	77.702
Non-current liabilities	-	-
Total liabilities	**86.854**	**77.702**
Equity	68.694	90.594
Total liabilities and equity	**155.548**	**168.296**
Group's share in net assets of investment accounted for by using the equity method [1]	**34.347**	**45.297**

[1] Together with the implementation of TFRS 11 standard, Birey IK is included to the financial statements by using the equity method starting from 2013, whereas it had been consolidated by using proportionate consolidation method im prior periods. The implementation is not done retrospectively due to the fact that the effects of change are not regarded as material.

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

NOTE 3 – INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD (Continued)

Income and expenses of the joint venture for the periods ended 30 June 2013 and 2012 are as follows:

Statements of profit or loss:	**1 January- 30 June 2013**	**1 January- 30 June 2012**
Gross operating loss	-	-
Marketing, sales and distribution expenses	-	-
General administrative expenses	(4.581)	(3.583)
Other income from operating activities	-	3.727
Other expenses from operating activities	(17.319)	(51.179)
Operating loss	**(21.900)**	**(51.035)**
Loss before income taxes	**(21.900)**	**(51.035)**
Current income tax charge	-	-
Deferred tax charge	-	-
Net loss for the period	**(21.900)**	**(51.035)**

NOTE 4 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013	**31 December 2012**
Cash	52.484	47.860
Banks		
- Demand deposits	334.854	418.658
- TL time deposits	21.709.000	11.529.389
- USD time deposits	30.046.670	22.890.869
Other liquid assets	8.003	16.067
	52.151.011	**34.902.843**

The maturity analysis of cash and cash equivalents at 30 June 2013, 31 December 2012, 30 June 2012 and 31 December 2011 is as follows:

	30 June 2013	**31 December 2012**	**30 June 2012**	**31 December 2011**
Demand	-	-	-	340.102
Up to 3 months	51.755.670	34.420.258	8.806.292	-
Total	**51.755.670**	**34.420.258**	**8.806.292**	**340.102**

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 30 June 2013, 31 December 2012, 30 June 2012 and 31 December 2011 are as follows:

	30 June 2013	**31 December 2012**	**30 June 2012**	**31 December 2011**
Cash and cash equivalents	52.151.011	34.902.843	9.170.831	340.102
Less: accrued interest	(43.858)	(46.444)	(2.443)	-
Cash and cash equivalents	**52.107.153**	**34.856.399**	**9.168.388**	**340.102**

The Group has TL and USD time deposits amounting to TL 21.709.000 and TL 30.046.670 respectively (31 December 2012: TL 11.529.389 TL, USD 22.890.869). The average effective interest rates applied to TL and USD time deposits are 7,45% and 2,92% respectively.

At 30 June 2013, cash and cash equivalents amounting to TL 8.003 (31 December 2012: TL 16.067) consist of credit card receivables.

At 30 June 2013, the Group does not have any blocked deposits (31 December 2012: None).

NOTE 5 - FINANCIAL INVESTMENTS

The analysis of financial assets at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013		**31 December 2012**	
	Share capital		**Share capital**	
Available-for-sale financial assets	**TL**	**(%)**	**TL**	**(%)**
Milliyet Verlags Und Handels GMBH. [1]	-	-	860.267	17,42
Other	649.748	-	649.748	-
Provision for impairment (-)	(649.748)	-	(1.492.768)	-
Total	**-**	**-**	**17.247**	**-**

[1] As of 30 June 2013, impairment on available for sale financial assets has been reviewed by the Group management and no additional impairment has been determined. Liquidation of the related financial asset has been completed as of 11 June 2013.

The movements for the provision for the impairment of financial assets as of 30 June 2013 and 2012 are as follows:

	2013	**2012**
1 January	(1.492.768)	(1.492.768)
Reversal of provision due to the liquidation of subsidiary	843.020	-
Increase during the period	-	-
30 June	**(649.748)**	**(1.492.768)**

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

NOTE 6 – FINANCIAL BORROWINGS

The details of financial borrowings at 30 June 2013 and 31 December 2012 are as follows:

Short term financial borrowings	30 June 2013	31 December 201
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.

	Effective interest rate (%)		TL	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Short term bank borrowings				
- TL bank borrowings	-	-	-	455.653
Total			**-**	**455.653**

The contractual repricing schedule of bank borrowings at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013	31 December 2012
6 months or less	-	455.653
Total	**-**	**455.653**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables at 30 June 2013 and 31 December 2012 are as follows:

Short-term trade receivables	30 June 2013	31 December 2012
Trade receivables	60.223.556	59.508.808
Notes receivables and cheques	1.691.546	1.485.916
Income accruals	307.355	104.284
Sub-total	**62.222.457**	**61.099.008**
Less: Unearned finance income due to sales with maturity	(232.594)	(291.625)
Less: Provision for doubtful receivables	(15.541.505)	(15.607.178)
Total	**46.448.358**	**45.200.205**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

In accordance with the factoring agreement signed with Doğan Faktoring Hizmetleri A.Ş., trade receivable amounting to TL 38.214.949 (31 December 2012: TL 39.144.384) regarding advertisement revenues is followed by Doğan Faktoring Hizmetleri A.Ş. ("Doğan Faktoring"). The average due date of the Group's trade receivables followed by Doğan Faktoring is 67 days (31 December 2012: 68 days). Unearned financial income due to trade receivables regarding advertisement revenues followed by Doğan Faktoring is TL 232.594 (31 December 2012: TL 291.625). Effective yearly interest rate related with the receivables followed by Doğan Faktoring is 10,03 % (31 December 2012: 10,03 %).

The movements for the provision for doubtful receivables as of 30 June are as follows:

	2013	**2012**
1 January	15.607.178	13.687.383
Provision booked in the current period (Note 22)	591.286	830.279
Reversal of provisions regarding prior periods	(656.959)	(477.051)
30 June	**15.541.505**	**14.040.611**

Short-term trade payables	**30 June 2013**	**31 December 2012**
Trade payables	7.607.458	6.140.263
	7.607.458	**6.140.263**

The average due date of trade payables as of 30 June 2013 is 58 days (31 December 2012: 58 days).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

The details of other receivables and payables at 30 June 2013 and 31 December 2012 are as follows:

Other short-term receivables	**30 June 2013**	**31 December 2012**
Notes receivables [(1)]	28.596.215	26.681.078
	28.596.215	**26.681.078**

Other long-term receivables	**30 June 2013**	**31 December 2012**
Notes receivables [(1)]	20.448.800	32.318.459
Deposits and guarantees given	30.178	30.177
	20.478.978	**32.348.636**

[(1)] Short-term notes receivables and long-term notes receivables are composed of 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 30 June 2013 is TL 645.208 (31 December 2012: TL 733.537).

Other short-term payables	**30 June 2013**	**31 December 2012**
Taxes and funds payable	711.684	1.587.749
Other	118.251	449.762
	829.935	**2.037.511**

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

NOTE 9 - INVENTORIES

The details of inventories at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	**31 December 2012**
Promotion stocks	1.930.935	1.157.324
Finished goods and merchandise	334.286	511.936
Raw materials and supplies	179.462	245.373
	2.444.683	**1.914.633**
Less: Provision for impairment on inventory	(444.396)	(521.280)
	2.000.287	**1.393.353**

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

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

	2013	**2012**
1 January	521.280	873.573
Reversal of provision in the current period	(76.884)	(325.820)
30 June	**444.396**	**547.753**

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

NOTE 10 - INVESTMENT PROPERTY

The movements of investment property for the years ended 30 June 2013 and 2012 are as follows:

	1 January 2013	Additions	Disposals	Transfers	Fair value adjustment (1)	30 June 2013
Investment buildings	130.205.000	253.082	(425.000)	-	-	130.033.082
Net book value	**130.205.000**					**130.033.082**

	1 January 2012	Additions	Disposals	Transfers	Fair value adjustment (1)	30 June 2012
Investment buildings	78.732.497	1.117.772	(1.049.043)	40.376.628	-	119.177.854
Net book value	**78.732.497**					**119.177.854**

(1) DMC building in which Hürriyet and Kanal D operates, belonging to the Group and properties acquired thorough barter agreements are valued as of 31 December 2012 under the Capital Markets Law. The Group management executes market research as of the interim reporting dates and if does not foresee any significant change, the Group have their revaluations made at year ends and reflect their effect on financial statements. Revaluation reserves arising from the valuation reports are recognized in other income. As of 30 June 2013, in accordance with the assessment made by the group management there is not any net book value differences in investment properties.

(2) Transfers are related to the Group's land and building in Doğan Media Center which are rented to Hürriyet and they are reclassed from Property, Plant and Equipments to Investment Property. (Their value at cost is TL 22.500.345, depreciation value is TL 8.931.605 and net book value is TL 40.376.628)

TL 3.783.082 (30 June 2012: TL 4.177.855) of investment property consists of the properties of the Group is acquired through barter agreements and TL 126.250.000 TL (30 June 2012: TL 115.000.000) of investment property consists of the rented buildings.

Current valuation reports prepared at the end of 2012 for the investment properties of the Group are in accordance with Capital Markets Law and as of 30 June 2013, the Group management has decided that the predetermined value has not changed. The fair values of the investment properties of the Group at the end of the period are determined as TL 130.033.082 (30 June 2012: TL 119.117.854). Rent income obtained from rented buildings as of 30 June 2013 is TL 3.210.746 (30 June 2012: TL 2.276.507) (Note 22). Rent income from related parties is TL 3.045.203 (30 June 2012: TL 1.979.867) (Note 26). There is no collateral or mortgage on investment properties as of 30 June 2013 and 2012. Direct operating costs in the current period resulting from investment property is TL 30.704 (31 December 2012: TL 141.590).

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment for the interim periods ended 30 June 2013 and 2012 are as follows.

	1 January 2013	Additions	Disposals	30 June 2013
Cost				
Land and land improvements	6.329	12.850	-	19.179
Buildings	2.222.344	-	-	2.222.344
Machinery and equipment	7.101.824	38.849	-	7.140.673
Motor vehicles	182.846	42.340	(48.331)	176.855
Furniture and fixtures	3.857.903	540.819	-	4.398.722
Leasehold improvements	1.961.990	65.601	-	2.027.591
	15.333.236	**700.459**	**(48.331)**	**15.985.364**
Accumulated depreciation				
Land and land improvements	(516)	(801)	-	(1.317)
Buildings	(705.876)	(23.014)	-	(728.890)
Machinery and equipment	(4.690.238)	(166.343)	-	(4.856.581)
Motor vehicles	(16.326)	(59.532)	12.888	(62.970)
Furniture and fixtures	(2.036.955)	(334.407)	-	(2.371.362)
Leasehold improvements	(366.631)	(205.927)	-	(572.558)
	(7.816.542)	**(790.024)**	**12.888**	**(8.593.678)**
Net book value	**7.516.694**			**7.391.686**

As of 30 June 2013, there is no collateral or mortgage on property, plant and equipment. TL 756.151 (30 June 2012: TL 592.989) of depreciation expense and amortization is included in cost of sales (Note 19), TL 645.207 (30 June 2012: TL 705.127) is included in general administration expenses (Note 20), TL 54.225 (30 June 2012: TL 33.325) is included in marketing, sales and distribution expenses (Note 20) that belongs to continued operations. There isn’t any asset acquired through finance lease of the Company.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property, plant and equipment for the interim periods ended 30 June 2013 and 2012 are as follows.

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

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

NOTE 12 - INTANGIBLE ASSETS

The movements in intangible assets during the interim period ended 30 June 2013 and 2012 are as follows:

	1 January 2013	Additions	Disposals	30 June 2013
Cost				
Rights	20.663.964	164.082	-	20.828.046
Other	2.342.120	13.908	-	2.356.028
	23.006.084	**177.990**	**-**	**23.184.074**
Accumulated amortization				
Rights	(8.556.454)	(625.911)	-	(9.182.365)
Other	(2.261.463)	(39.648)	-	(2.301.111)
	(10.817.917)	**(665.559)**	**-**	**(11.483.476)**
Net book value	**12.188.167**			**11.700.598**

	1 January 2012	Additions	Disposals	30 June 2012
Cost				
Rights	20.621.920	199	-	20.622.119
Other	2.318.918	8.217	-	2.327.135
	22.940.838	**8.416**	**-**	**22.949.254**
Accumulated amortisation				
Rights	(7.324.120)	(615.171)	-	(7.939.291)
Other	(2.172.186)	(44.702)	-	(2.216.888)
	(9.496.306)	**(659.873)**	**-**	**(10.156.179)**
Net book value	**13.444.532**			**12.793.075**

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

NOTE 13 - GOODWILL

The movements in goodwill during the interim period ended 30 June 2013 and 31 December 2012 are as follows:

	2013	**2012**
1 January	60.428.513	60.428.513
30 June	**60.428.513**	**60.428.513**

Group has recognized TL 60.428.513 resulting from the acquisition of Simge Yayıncılık A.Ş. on 31 December 2003 as positive goodwill.

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i. Other short-term provisions

The details of other short-term provisions at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013	**31 December 2012**
Provision for lawsuits	4.607.410	4.941.211
Other	458.690	14.644
	5.066.100	**4.955.855**

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

	2013	**2012**
1 January	4.941.211	4.012.104
Increase during the year (Note 22)	-	1.109.677
Reversal of provision in the current period and payments	(333.801)	(235.652)
30 June	**4.607.410**	**4.886.129**

(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 lawsuits against the Group at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	**31 December 2012**
Legal cases	10.223.881	10.940.427
Administrative cases	1.633.438	1.249.820
Labor cases	3.566.385	3.287.126
Commercial cases	2.030.000	1.435.000
	17.453.704	**16.912.373**

As of 30 June 2013, the provision for lawsuits amounting to TL 4.607.410 (31 December 2012: TL 4.941.211) 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.

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

NOTE 15 - COMMITMENTS

i. ***Letters of guarantees and guarantee notes given***

Collaterals, pledges and mortgages (CPM) given by the Group at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013					31 December 2012				
	TL Equivalent	**TL**	**USD**	**EUR**	**Other**	**TL Equivalent**	**TL**	**USD**	**EUR**	**Other**
A. CPM's given in the name of its own legal personality (1)										
Guarantees	2.823.715	2.823.715	-	-	-	2.354.885	2.354.885	-	-	-
Pledges	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-
B. CPM's given on behalf of the fully consolidated companies										
Guarantees	1.149.652	1.149.652	-	-	-	982.152	982.152	-	-	-
Pledges	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-
C. CPM's given on behalf of third parties. for ordinary course of business										
Guarantees	-	-	-	-	-	-	-	-	-	-
Pledges	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-
D. Total amount of other CPM's given										
i) Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C	-	-	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total	**3.973.367**	**3.973.367**	**-**	**-**	**-**	**3.337.037**	**3.337.037**	**-**	**-**	**-**

(1) The guarantees of the Group consist of letter of guarantees, guarantee notes, bails and mortgages. The details of letter of guarantees, guarantee notes, bails and mortgages are explained below.
(2) The CPM total given by the Group consists of collaterals given on behalf of its own. Since the Group has no other CPM, other CPM to equity ratio is 0,0% (31 December 2012: 0,0%)

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

NOTE 15 - COMMITMENTS (Continued)

ii. Barter agreements

The Group has entered into barter agreements which involve the exchange of goods or services without cash collections or payments. In connection with the barter agreements as of 30 June 2013, the Group is under obligation to provide advertisement services to Group and non-group companies amounting to TL 371.172 (31 December 2012: TL 489.723) and TL 635.431 respectively (31 December 2012: TL 886.414). The Group has the right to purchase various types of goods and render services amounting to TL 3.358.121 (31 December 2012: TL 3.560.767) belonging to non-group companies regarding barter agreements. Total barter transactions income in the current period of the Group is TL 2.905.807 (31 December 2012: TL 5.700.549), barter transactions expense is TL 3.335.408 (31 December 2012: TL 4.170.708).

NOTE 16 – EMPLOYEE BENEFITS

i) Payables regarding employee benefits

	30 June 2013	31 December 2012
Social security premium payables	1.046.195	476.494
Payable to personnel	276.095	898.594
30 June	**1.322.290**	**1.375.088**

ii) Short term-provisions attributable to employee benefits

	30 June 2013	31 December 2012
Provision for personnel premiums	1.006.995	-
Unused vacation provision of personnel	2.483.748	2.002.883
30 June	**3.490.743**	**2.002.883**

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

	2013	2012
1 January	2.002.883	2.043.470
Current period additions	543.381	258.909
Reversal of/payment of provision in the current period	(62.516)	(211.063)
30 June	**2.483.748**	**2.091.316**

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

Provision for employment termination benefits

	30 June 2013	31 December 2012
Provision for employment termination benefits	12.281.712	11.979.697

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 30 June 2013 the amount payable consists of one month's salary limited to a maximum of TL 3.254,04 (31 December 2012: TL 3.033,98) 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 TAS 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%.
- age of retirement is based on the minimum retirement age.
- CSO 1980 mortality table is used for male and female mortality rates

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

	2013	2012
1 January	11.979.697	7.797.416
Service cost in the current period	674.712	1.012.060
Reversal of provision in the current period	-	(132.318)
Payments	(372.697)	(1.614.890)
30 June	**12.281.712**	**7.062.268**

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

NOTE 17 – PREPAID EXPENSES AND DEFERRED INCOME, OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities at 30 June 2013 and 31 December 2012 are as follows:

i. Short-term prepaid expenses

	30 June 2013	31 December 2012
Prepaid expenses	456.229	603.364
	456.229	**603.364**

ii. Other short-term assets

	30 June 2013	31 December 2012
Personnel advances	1.148.596	1.100.702
Job advances	211.234	9.610
Deferred VAT	26.945	100.555
	1.386.775	**1.210.867**

iii. Other long-term assets

	30 June 2013	31 December 2012
Deferred VAT and other tax receivables	2.612.894	2.621.047
Prepaid expenses	-	23.510
	2.612.894	**2.644.557**

iv. Deferred revenue

	30 June 2013	31 December 2012
Subscription revenues	1.433.602	958.214
	1.433.602	**958.214**

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

NOTE 18 - EQUITY

Issued Capital

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

There aren't any privileged shares in Doğan Gazetecilik. The Company's historical, authorized and issued capital at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013	31 December 2012
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 30 June 2013 and 31 December 2012:

	30 June 2013		31 December 2012	
Shareholders	**Share %**	**TL**	**Share %**	**TL**
Doğan Yayın Holding [1]	92,76	97.397.743	70,76	74.297.743
Doğan Family	0,52	546.010	0,52	546.010
Other Shareholders and publicly traded on Borsa İstanbul [2]	6,72	7.056.247	28,72	30.156.247
Issued capital	**100,00**	**105.000.000**	**100,00**	**105.000.000**
Adjustment to issued capital		45.910.057		45.910.057
Total		**150.910.057**		**150.910.057**

[1] 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. % 92,76 (31 December %70,76) shares belonging to Doğan Yayın Holding and Doğan Gazetecilik %34,67 (31 December 2012: %12.67) are "publicly available" in Istanbul Stock Exchange.

[2] In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that % 5,66 of the shares (31 December 2012: % 5,47) are outstanding and 41,39% of the shares are publicly available as of 30 June 2013 based on the Central Registry Agency A.Ş.'s ("CRA") records.

There is no limitation on 92,76% 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 premiums

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 reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's issued capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the issued capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of issued capital. The afore-mentioned amounts shall be classified in "Restricted Reserves" in accordance with the CMB's Financial Reporting Standards.

As of 30 June 2013, restricted reserves amounting to TL 3.245.438 (31 December 2012: TL 2.085.963) consist of first legal reserves.

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:

- 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.

NOTE 18 - EQUITY (Continued)

Accumulated Other Comprehensive Income or Expenses that will not be reclassified in Profit or Loss

Accumulated other comprehensive income and expenses comprising of revaluation and actuarial gain/losses of the Company that will not be reclassified in profit or loss are summarised below.

i) Revaluation and Actuarial gain/losses:

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 when preparing its financial statements for the period 31 December 2012 as investment property in this regard and has chosen to apply the fair value method for presentation purposes (Note 2.1.5). Accordingly, fair value increase at the first transfer amounting to TL 39.104.778 (31 December 2012: TL 39.104.778) is recognized as revaluation reserves in shareholders' equity.

ii) Actuarial losses in defined benefit plans

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. The Group has decided to early adopt the amendment in TAS 19 in 2012 which will be effective starting from 1 January 2013, and recognized all actuarial loss and gains in the statement of other comprehensive income. Actuarial losses recognized under equity in the balance sheet as remeasurement difference amounts to TL 3.507.215.

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.

Dividend payment:

Listed companies of whose shares traded on the Borsa İstanbul, 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 30 June 2013, the Company's gross amount of resources that may be subject to profit distribution based on the statutory records amounts to TL 15.092.052 and consists of the net profit for the same period of the Company in its statutory records

With the decision taken at the Ordinary General Meeting of the Company held on 28 May 2013, gross profit distribution which corresponds to %11,0426 of the issued capital of the Company amounting to TL 11.594.744 has been completed.

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

NOTE 19 - SALES AND COST OF SALES

	2013		2012	
	1 January- 30 June	**1 April- 30 June**	**1 January- 30 June**	**1 April- 30 June**
Domestic sales, net	102.113.487	53.166.702	99.258.553	52.276.342
Cost of sales	(61.328.218)	(31.468.628)	(65.101.928)	(31.923.659)
Gross profit	**40.785.269**	**21.698.074**	**34.156.625**	**20.352.683**

The details of sales and cost of sales for the periods ended 30 June 2013 and 2012 are as follows:

Sales income

	2013		2012	
	1 January- 30 June	**1 April- 30 June**	**1 January- 30 June**	**1 April- 30 June**
Newspaper sales income	50.690.945	24.536.940	50.579.722	24.731.361
Advertising income	48.948.062	27.100.263	46.881.902	26.496.464
Other income	2.474.480	1.529.499	1.796.929	1.048.517
Sales income, net	**102.113.487**	**53.166.702**	**99.258.553**	**52.276.342**

Cost of sales

	2013		2012	
	1 January- 30 June	**1 April- 30 June**	**1 January- 30 June**	**1 April- 30 June**
Raw material costs	30.527.523	15.634.170	35.638.595	17.477.040
Personnel costs	10.472.196	5.438.990	9.612.075	5.001.390
Printing costs	10.202.829	5.285.116	12.325.364	5.896.246
Side publishing costs	2.534.797	1.269.853	836.471	91.543
News and photography costs	1.418.082	678.633	1.183.242	617.558
Insert service costs	1.275.992	712.004	1.344.086	746.257
Scrap paper costs	987.151	531.847	1.119.234	582.842
Depreciation and amortization expenses (Note 10,11 and 12)	756.151	381.894	592.989	267.134
Transportation expenses	643.203	329.510	556.038	260.560
Rent expense	562.330	286.675	355.863	259.536
Internet expenses	299.738	151.057	248.918	131.176
Electric expenses	23.747	10.388	646.541	160.432
Other	1.624.479	758.491	642.512	431.945
Total	**61.328.218**	**31.468.628**	**65.101.928**	**31.923.659**

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

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

Marketing, sales and distribution expenses

	2013		2012	
	1 January-30 June	**1 April-30 June**	**1 January-30 June**	**1 April-30 June**
Distribution expenses	7.598.971	3.880.477	8.427.838	4.384.634
Personnel expenses	5.483.180	2.901.206	4.645.246	2.414.103
Advertisement expenses	5.576.424	2.258.179	2.495.077	1.236.593
Promotion & marketing expenses	3.377.572	1.830.461	1.141.322	791.042
Transportation expenses	566.172	307.835	452.872	250.923
Rental expenses	373.441	189.951	269.888	184.279
Promotion expenses	476.755	193.851	2.764.102	2.042.304
Depreciation and amortization expenses (Note 10, 11 and 12)	54.225	30.269	33.325	15.041
Other	1.051.264	579.087	880.675	502.254
	24.558.004	**12.171.316**	**21.110.345**	**11.821.173**

General administrative expenses

	2013		2012	
	1 January-30 June	**1 April-30 June**	**1 January-30 June**	**1 April-30 June**
Personnel expenses	3.883.526	1.942.564	3.985.295	2.082.016
Consulting expenses	1.149.914	663.120	1.505.708	662.245
Depreciation and amortization expenses (Note 10, 11 and 12)	645.207	319.202	705.127	272.453
Repair and maintenance expenses	326.245	166.295	420.404	201.133
Rent expense	340.452	143.289	216.585	147.737
Transportation expenses	302.394	173.359	258.869	113.178
Other	506.780	291.080	433.919	130.592
	7.154.518	**3.698.909**	**7.525.907**	**3.609.354**

NOTE 21 - EXPENSES BY NATURE

As of 30 June 2013 and 2012, 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 INCOME/ EXPENSES FROM OPERATING ACTIVITIES

The details of other operating income and expense for interim periods ended 30 June 2013 and 2012 are as follows:

i. Other income from operating activities:

	2013		2012	
	1 January-30 June	**1 April-30 June**	**1 January-30 June**	**1 April-30 June**
Rent income	3.210.746	1.609.642	2.276.507	484.262
Reversed provisions	417.459	43.136	712.340	25.785
Foreign exchange gain from operating activities	1.685.273	888.527	83.315	14.039
Unearned finance expense due to sales with maturity	956.756	562.911	1.180.969	658.346
Gain on sale of marketable securities	704.748	404.626	19.378	366
Interest income on operating activities	319.255	177.144	453.479	422.428
Other	411.273	286.507	73.019	56.801
	7.705.510	**3.972.493**	**4.799.007**	**1.662.027**

ii. Other expenses from operating activities:

	2013		2012	
	1 January-30 June	**1 April-30 June**	**1 January-30 June**	**1 April-30 June**
Provision for lawsuits (Note 14)	-	-	(1.109.677)	(671.756)
Provision for doubtful receivables (Note 7)	(591.286)	(521.836)	(830.279)	(458.765)
Foreign exchange losses from operating activities	(398.107)	(58.407)	(66.984)	(60.696)
Unearned finance expense due to purchase with maturity	(256.464)	(192.466)	(367.458)	(230.720)
Interest expense from operating activities	(41.015)	(19.390)	(59.860)	(25.751)
Factoring expenses	(117.093)	(63.080)	(158.673)	(68.625)
Other[1]	(1.057.370)	(235.602)	(1.644.658)	(1.033.328)
	(2.461.335)	**(1.090.781)**	**(4.237.589)**	**(2.549.641)**

[1] The Group has sold all Bağımsız Gazeteciler Yayıncılık A.Ş., subsidiary of the Group, and brands, royalties and domain names ("Milliyet brand sale") belonging to Milliyet Gazetesi operating under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011. All the financial liabilities incurred under the Labour Law in relation to the related personnel are the responsibility of the Group. TL 1.057.370 of other expenses for the period ended 30 June 2013, consists of TL 345.242 of employee termination and severance pay paid by the Group (30 June 2012: TL 1.144.260).

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

NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

i) Income from investment activities

The details of income from investing activities for interim periods ended 30 June 2013 and 2012 are as follows:

	2013		2012	
	1 January-30 June	**1 April-30 June**	**1 January-30 June**	**1 April-30 June**
Foreign exchange gains from the sale of receivables from subsidiaries	6.368.818	4.730.354	4.981.367	3.797.881
Gain on sale of property, plant and equipment	6.047	-	141.793	132.030
Unearned finance income From the sale of subsidiary	645.708	(54.312)	614.590	74.277
	7.020.573	**4.676.042**	**5.737.750**	**4.004.188**

ii) Expenses from investing activities

The details of expenses from investing activities and expense for interim periods ended 30 June 2013 and 2012 are as follows:

	2013		2012	
	1 January-30 June	**1 April-30 June**	**1 January-30 June**	**1 April-30 June**
Foreign exchange losses from the sale of receivables from subsidiaries	(1.666.841)	(672.126)	(9.505.526)	(2.215.965)
Loss on sale of property, plant and equipment	(92.272)	(87.415)	(418.711)	(402.831)
	(1.759.113)	**(759.541)**	**(9.924.237)**	**(2.618.796)**

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

NOTE 24 - TAXATION

	30 June 2013	31 December 2012
Corporate and income taxes payable	4.409.686	3.928.839
Less: Prepaid tax	(1.839.532)	(2.863.382)
Taxes payable	**2.570.154**	**1.065.457**

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 2013 is 20% (2012: 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 2012: 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 24 – 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 carry forward tax losses amounting to TL 3.271.966 available for use for the year 2017.

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 property and gain on sale of associate sales

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 2012: 20%).

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

NOTE 24 - TAXATION (Continued)

The temporary differences giving rise to deferred income tax assets/ (liabilities) using the enacted tax rates as of 30 June 2013 and 31 December 2012 are as follows:

	Total temporary differences		**Deferred tax assets/ (liabilities)**	
	30 June 2013	**31 December 2012**	**30 June 2013**	**31 December 2012**
Provision for employment termination benefits	12.281.712	11.979.697	2.456.342	2.395.940
Carry forward tax losses [1]	3.271.966	3.874.232	654.392	774.846
Provision for lawsuits	5.233.834	4.941.211	1.044.767	988.242
Unused vacation liability	2.454.483	2.002.883	490.897	400.576
Net difference between the tax base and carrying value of property, plant and equipment and intangible assets	657.174	1.610.380	131.435	322.076
Provision for doubtful receivables	1.233.172	1.480.710	246.634	296.142
Provision for impairment on inventories	444.147	521.031	88.829	104.206
Provision for year-end premiums	1.006.995	-	201.399	-
Unearned finance income due to sales with maturity	232.594	291.675	46.520	58.335
Deferred tax assets			**5.361.215**	**5.340.363**
Difference between the fair value and the carrying amounts of investment properties	(102.914.676)	(102.397.498)	(5.188.184)	(5.091.973)
Unearned finance expenses due to purchases with maturity	(103.693)	(89.031)	(20.739)	(17.806)
Deferred tax liabilities			**(5.208.923)**	**(5.109.779)**
Deferred tax assets, net			**152.292**	**230.584**

[1] The deferred tax assets and liabilities of the Company and its subsidiaries are shown net in the financial statements. As of 30 June 2013, the deductible carry forward tax losses amount to TL 4.028.864 (31 December 2012: TL 2.258.255).

The years for which the carry forward tax losses can be used are proposed below:

	30 June 2013	**31 December 2012**
2013	-	36.057
2014	-	674.006
2015	-	1.626.780
2016	1.061.972	1.537.389
2017	2.209.994	-
Total	**3.271.966**	**3.874.232**

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

NOTE 24 - TAXATION (Continued)

The movements in deferred tax assets/ (liabilities) for the interim periods ended 30 June 2013 is as follows:

	2013	**2012**
1 January	230.584	868.482
Deferred tax (charge)/income	(78.292)	226.400
Deferred tax charge in other comprehensive income	-	(1.340.394)
30 June	**152.292**	**(245.512)**

The tax expense for the interim periods ended 30 June 2013 and 2012 is summarized as follows:

	30 June 2013	**30 June 2012**
- Current period corporate tax	(4.409.686)	(829.534)
- Deferred tax income/ (charge)	(78.292)	226.400
Total tax expense	**(4.487.978)**	**(603.134)**

The reconciliation of the taxation on income in the consolidated statement of income for periods ended 30 June 2013 and 2012 and the taxation on income calculated with the current tax rate over income before tax is as follows:

	30 June 2013	**30 June 2012**
Profit before tax and non-controlling interests from continuing operations	19.567.432	1.895.304
Income tax rate 20% (2012: 20%)	(3.913.486)	(379.061)
Effects of carry forward tax losses over which deferred tax asset is not recognized	(420.092)	(122.660)
Expenses not subject to tax	(210.863)	(209.434)
Income not subject to tax	56.463	108.021
	(4.487.978)	**(603.134)**

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

NOTE 25 - EARNING PER SHARE

Earning per share for each class of shares disclosed in the consolidated statement of profit or loss is determined by dividing the net income/ (loss) by the average number of shares.

	30 June 2013	30 June 2012
Net profit/ loss for the period attributable to equity holders of the parent company	15.086.963	1.306.567
Weighted average number of shares with face value of TL 1 each	105.000.000	105.000.000
Earning/loss per share	0,14	0,012

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

For the purpose of these consolidated financial statements, including "joint ventures", 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 30 June 2013 and 31 December 2012 are summarized as below:

a) Due from related parties:

	30 June 2013	31 December 2012
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")(1)	4.587.401	4.403.765
Doğan İnternet Hizmetleri Tic. A.Ş. ("Medyanet") (2)	2.293.668	1.482.547
Doğan Portal ve Elektronik Tic. A.Ş.	795.194	824.476
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	705.473	-
Doğan TV Holding	299.896	288.471
D Market	200.613	15.085
Doğan Elektronik Şans Oyunları	166.664	114.538
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	124.270	737.980
Mozaik İletişim Hizmetleri A.Ş. (''Mozaik'')	-	180.977
Other	114.138	105.027
Total	**9.287.317**	**8.152.866**

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

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

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Due to related parties:	**30 June 2013**	**30 June 2012**
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") (1)	10.529.683	7.197.245
Doğan Şirketler Grubu Holding	574.480	313.251
Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa")	371.172	489.723
Ortadoğu Otomotiv	225.057	-
Doğan TV Digital Platform İşletmeciliği A.Ş.	216.327	281.074
Doğan Yayın Holding	135.952	331.427
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Dış Ticaret")	122.786	978.451
Kutup Televizyon ve Radyo Yayıncılık A.Ş. ("Kutup TV")	92.199	184.114
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	80.502	41.951
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	18.532	226.595
Doğan Ofset	5.119	3.764
Other	79.763	70.795
	12.451.572	**10.118.390**
Less: Unearned finance expense due to purchases with maturity	(103.693)	(89.036)
	12.347.879	**10.029.354**

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

c) Service and product sales to related parties:

	30 June 2013	**30 June 2012**
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (1)	49.632.613	50.496.511
Doğan İnternet Hizmetleri Tic. A.Ş. ("Medyanet") (2)	1.867.385	1.108.594
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") (3)	774.553	722.165
Mozaik İletişim Hizmetleri A.Ş. (''Mozaik'')	622.455	28.256
D Market	157.228	28.729
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	153.966	288.837
Doğan Elektronik Şans Oyunları	141.241	1.044
Doğan Şirketler Grubu Holding	73.883	75.875
Doğan TV Dijital Platform İşletmeciliği A.Ş.("Doğan TV Dijital")	38.788	73.819
Other	327.214	162.845
	53.789.326	**52.986.675**

(1) Daily distribution of the newspapers of the Group is made by Doğan Dağıtım..

(2) The sales made to Doğan İnternet Hizmetleri consist of the internet advertising sales made from the websites.

(3) Consists of the advertising sales of Kanal D.

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

d) Service and product purchases from related parties:

	30 June 2013	30 June 2012
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Dış Ticaret") [(1)]	31.591.691	37.103.986
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") [(2)]	11.682.415	11.487.063
Ortadoğu Otomotiv	1.087.855	667.422
Doğan Şirketler Grubu Holding	777.375	764.842
Doğan Haber Ajansı	606.000	570.732
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	481.096	450.142
Other	259.474	494.930
	46.485.906	**51.539.117**
Less: Unearned finance expense due to purchases with maturity	(256.464)	(367.458)
	46.229.442	**51.171.659**

(1) The Group purchases most of its raw materials like paper, printing materials from Doğan Dış Ticaret and Işıl İthalat İhracat

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

e) Other significant transactions with related parties

Other income / (expenses) from operating activities, net

	30 June 2013	30 June 2012
Doğan TV [(1)]	1.532.514	1.476.110
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") [(2)]	1.355.517	442.012
Doğan Faktoring	(111.516)	(150.825)
Other [(3)]	130.336	51.603
	2.906.851	**1.818.900**

(1) Rental income is received from Doğan TV.

(2) Rental income is received from Hürriyet.

(3) Rental income is received from other related parties.

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

General administrative, marketing, sales and distribution expenses:

	30 June 2013	30 June 2012
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") [1]	5.653.144	8.792.115
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") [2]	732.999	163.150
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	297.179	233.666
D Yapım Reklamcılık ve Dağıtım A.Ş.	273.930	467.828
Other	851.803	161.008
	7.809.055	**9.817.767**

[1] Distribution and transportation service is received from Doğan Dağıtım.
[2] The Group receives television advertising services from Kanal D.

f) Remuneration paid to top management:

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

	30 June 2013	30 June 2012
Wages and other short-term benefits	1.845.073	1.716.387
Benefits for termination	-	628.891
Total	**1.845.073**	**2.345.278**

NOTE 27 - 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.

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management (Continued)

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

Financial instruments with fixed interest rate	**30 June 2013**	**31 December 2012**
Financial liabilities	-	455.653

The Group doesn't have any financial borrowings with floating interest rates as of 30 June 2013 (31 December 2012: None).

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.

	30 June 2013	**31 December 2012**
Assets	83.385.250	86.307.864
Liabilities	(93.069)	(86.193)
Net foreign currency position	**83.292.181**	**86.221.671**

As of 30 June 2013, foreign currency denominated asset and liability balances were converted with the following exchange rates TL 1,9248 = USD 1 ,and TL 2,5137 = EUR 1 (31 December 2012: TL 1,7826 = USD 1 and TL 2,3517 = EUR 1).

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

30 June 2013	**TL Equivalent**	**USD**	**Euro**	**Other**
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets (Cash, Banks included)	59.700.597	59.656.108	29.512	14.977
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**59.700.597**	**59.656.108**	**29.512**	**14.977**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	23.684.653	23.684.653	-	
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**23.684.653**	**23.684.653**	**-**	**-**
9. Total assets (4+8)	**83.385.250**	**83.340.761**	**29.512**	**14.977**
10. Trade Payables	93.069	93.069	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**93.069**	**93.069**	**-**	**-**
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)	**93.069**	**93.069**	**-**	**-**
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)	**83.292.181**	**83.247.692**	**29.512**	**14.977**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**83.292.181**	**83.247.692**	**29.512**	**14.977**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2012	**TL Equivalent**	**USD**	**Euro**	**Other**
1. Trade Receivable	1.129.728	1.129.728	-	-
2a. Monetary Financial Assets (Cash, Banks included)	49.623.825	49.587.075	26.096	10.654
2b. Non-Monetary Financial Assets	-	-	-	-
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)	**86.221.671**	**86.184.921**	**26.096**	**10.654**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

NOTE 27 - 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:

	Profit/Loss	
30 June 2013	**Foreign currency appreciates**	**Foreign currency depreciates**
If the USD had changed by 10% against the TL		
USD net (liability)/asset	8.324.769	(8.324.769)
Hedging amount of USD	-	-
USD net effect on income/(loss)	**8.324.769**	**(8.324.769)**
If the EUR had changed by 10% against the TL		
EUR net (liability)/asset	2.951	(2.951)
Hedging amount of EUR	-	-
EUR net effect on income/(loss)	**2.951**	**(2.951)**
If the GBP had changed by 10% against the TL		
GBP net (liability)/asset	1.498	(1.498)
Hedging amount of GBP	-	-
GBP net effect on income/(loss)	**1.498**	**(1.498)**

	Profit/Loss	
31 December 2012	**Foreign currency appreciates**	**Foreign currency depreciates**
If the USD 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)**

Credit risk

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

The maximum exposure of the Group to credit risk as of 30 June 2013 and 31 December 2012 is as follows:

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	Trade receivables		Other receivables		Cash and	Derivative	
30 June 2013	**Related Party**	**Other**	**Related Party**	**Other**	**cash equivalents**	**instruments**	**Other**
Maximum credit risk exposure as of balance sheet date	9.287.317	46.448.358	-	49.075.193	52.151.101	-	-
- Collateralized or secured with guarantees part of maximum credit risk	-	*6.127.862*	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	9.287.317	27.493.424	-	-	-	-	-
- Guaranteed amount by commitment	-	*1.863.954*	-	-	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-	-	
C. Past due but not impaired	-	18.954.934	-	-	-	-	-
- Guaranteed amount by commitment	-	*4.263.908*	-	-	-	-	-
D. Impaired asset net book value	-	-	-	-	-	-	
- Past due (gross amount)	-	15.541.505	-	-	-	-	-
- Impairment (-)	-	(15.541.505)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
Net value collateralized or guaranteed part of net value	-	-	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-	-	-

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

NOTE 27 - 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 27 - 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	
30 June 2013	**Related party**	**Other**	**deposits**	**instruments**	**Other**
1 to 30 days overdue	-	6.708.433	-	-	-
1 to 3 months overdue	-	4.597.925	-	-	-
3 to 12 months overdue	-	4.048.236	-	-	-
More than 1 year overdue	-	3.600.340	-	-	-
Total	**-**	**18.954.934**	**-**	**-**	**-**
Guaranteed amount by commitment	*-*	*4.263.908*	*-*	*-*	*-*

	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*	*-*	*-*	*-*

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

	Trade receivables		Bank	Derivative	
30 June 2013	**Related party**	**Other**	**deposits**	**instruments**	**Other**
0 to 3 months overdue	-	-	-	-	-
3 to 12 months overdue	-	-	-	-	-
1 to 5 years overdue	-	15.541.505	-	-	-
Less: provision for impairment	-	(15.541.505)	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	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	**-**	**-**	**-**	**-**	**-**

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 27 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2013 and 31 December 2012, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

30 June 2013	Book value	Contractual undiscounted cash flow	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities excluding derivatives						
Financial borrowings (Note 6)	-	-	-	-	-	-
Due to related parties (Note 26b)	12.347.879	11.858.156	11.858.156	-	-	-
Other trade payables [2] (Note 7)	7.607.458	6.721.046	6.721.046	-	-	-
Other payables (Note 8)	829.935	829.935	829.935	-	-	-

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 borrowings (Note 6)	455.653	455.653	455.653	-	-	-
Due to related parties [1] (Note 26b)	10.029.354	9.628.668	9.628.668	-	-	-
Short-term trade payables [2] (Note 7)	6.140.263	5.253.842	5.253.842	-	-	-
Other payables (Note 8)	2.037.511	2.037.511	2.037.511	-	-	-

(1) Barter related liabilities in accordance with contracts amounting to TL 489.722 (31 December 2012: TL 489.722) are not included in the total cash outflow.

(2) Barter related liabilities in accordance with contracts amounting to TL 1.028.778 (31 December 2012: TL 886.414) are not included in the total cash outflow.

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

NOTE 27 - 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.

	30 June 2013	**31 December 2012**
Total liability	32.098.007	27.954.821
Less: cash and cash equivalents (Note 4)	(52.151.011)	(34.902.843)
Net liability	**(20.053.004)**	**(6.948.022)**
Equity	325.839.342	322.347.123
Total equity	**305.786.340**	**315.399.101**

NOTE 28 - 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 (30 June 2012: None noted).

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 28 - 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 29 - SUBSEQUENT EVENTS

The consolidated financial statements for the period ended 30 June 2013 were approved by the Board of Directors on 20 August 2013. Other than Board of Directors has no authority to change financial statements.