

**DURAN DOĐAN BASIM VE AMBALAJ  
SANAYİ A.Ő. AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 JUNE 2017 AND REVIEW REPORT

(CONVENIENCE TRANSLATION OF THE REPORT AND  
THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED INTERIM  
FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**To the Board of Directors of  
Duran Doğan Basım ve Ambalaj Sanayi A.Ş.**

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Duran Doğan Basım ve Ambalaj Sanayi A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2017 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated interim financial information 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 Independent Auditing Standards 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.

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

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



Selçuk Ürkmez  
Partner

İstanbul, 18 August 2017

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**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 30 June 2017	Audited Prior Period 31 December 2016	Restated Audited Prior Period 31 December 2016
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	21	61.958.195	50.740.103	44.213.860
Trade Receivables		9.598.878	8.723.026	10.612.034
Trade Receivables		22.326.093	19.577.432	18.916.767
<i>Trade Receivables from Related Parties</i>	5-6	-	-	10.696
<i>Trade Receivables from Third Parties</i>	6	22.326.093	19.577.432	18.906.071
Other Receivables		52.487	46.407	23.383
<i>Other Receivables from Third Parties</i>		52.487	46.407	23.383
Derivative Financial Instruments	18	260.927	-	-
Inventories	7	25.219.797	18.216.091	12.828.995
Prepaid Expenses		1.555.959	1.065.341	646.760
Other Current Assets		2.944.054	3.111.806	1.185.921
<b>Non-Current Assets</b>		<b>78.630.502</b>	<b>61.491.501</b>	<b>65.637.208</b>
Other Receivables		257.372	286.803	253.041
<i>Other Receivables from Third Parties</i>		257.372	286.803	253.041
Property, Plant and Equipment	8	76.945.294	60.086.941	64.235.232
Intangible Assets	9	1.327.079	1.105.022	1.138.680
Prepaid Expenses		85.780	-	-
Deferred Tax Assets	16	14.977	12.735	10.255
<b>TOTAL ASSETS</b>		<b>140.588.697</b>	<b>112.231.604</b>	<b>109.851.068</b>

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

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 30 June 2017	Audited Prior Period 31 December 2016	Restated Audited Prior Period 31 December 2016
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Short-Term Borrowings	18	66.459.597	64.002.389	52.315.030
Short-Term Portion of Long-Term Borrowings	18	26.990.649	38.141.288	29.349.934
Other Financial Liabilities	18	4.434.126	4.222.063	7.717.838
Trade Payables		1.912.168	1.949.803	1.470.589
<i>Trade Payables to Related Parties</i>	5-6	24.492.567	16.359.513	11.454.382
<i>Trade Payables to Third Parties</i>	6	490.444	670.179	542.566
Payables Related to Employee Benefits		24.002.123	15.689.334	10.911.816
Other Payables		1.359.724	1.153.614	906.964
<i>Other Payables to Third Parties</i>		62.830	93.655	23.236
Deferred Income		6.751.338	1.282.644	350.770
Current Income Tax Liabilities	16	1.036	3.789	-
Short-Term Provisions		300.507	202.975	171.510
<i>Short-term Provisions for</i>				
<i>Employee Benefits</i>		292.166	194.724	156.319
<i>Other Short-Term Provisions</i>		8.341	8.251	15.191
Other Current Liabilities		154.652	593.045	869.807
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	18	35.994.608	33.339.724	37.204.593
Other Payables		23.207.075	22.713.401	27.496.200
<i>Other Payables to Related Parties</i>	5	8.006.000	7.419.800	6.355.200
Deferred Income		-	18.025	66.047
Long-term Provisions		3.966.968	3.141.695	2.994.246
<i>Long-term Provisions for</i>				
<i>Employee Benefits</i>		3.966.968	3.141.695	2.994.246
Deferred Tax Liabilities	16	814.565	46.803	292.900
<b>EQUITY</b>				
<b>Equity Attributable to Owners of the Company</b>				
Share Capital	11	38.134.492	14.889.491	20.331.445
Adjustments to Share Capital		38.105.007	14.875.034	20.316.987
Share Premium		16.575.788	16.575.788	16.575.788
Restricted Reserves Appropriated from Profit		6.436.501	6.436.501	6.436.501
Other Comprehensive Income or Expenses	11	5.220	5.220	5.220
that will not be Reclassified Subsequently to				
Profit or Loss		325.455	325.455	325.455
<i>-Revaluation and Remeasurement Gains</i>		35.168.818	16.381.420	16.506.365
<i>-Defined Benefits</i>		36.526.287	17.738.889	17.758.214
Other Comprehensive Expenses		(1.357.469)	(1.357.469)	(1.251.849)
that will be Reclassified Subsequently to				
Profit or Loss		(272.932)	(148.210)	(130.002)
<i>-Foreign Currency Translation Differences</i>		(272.932)	(148.210)	(130.002)
Accumulated Losses		(24.688.233)	(19.383.015)	(8.454.184)
Net Profit / (Loss) for The Period		4.554.390	(5.318.125)	(10.948.156)
Non-Controlling Interests		29.485	14.457	14.458
<b>TOTAL LIABILITIES</b>		<b>140.588.697</b>	<b>112.231.604</b>	<b>109.851.068</b>

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

# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 1 January- 30 June 2017	Unreviewed Current Period 1 April- 30 June 2017	Restated Reviewed Prior Period 1 January- 30 June 2016	Restated Unreviewed Prior Period 1 April- 30 June 2016
<b>PROFIT AND LOSS</b>					
Revenue	12	65.582.343	35.533.404	51.670.025	26.689.706
Cost of sales (-)	12	(48.583.605)	(27.174.438)	(42.117.511)	(21.187.158)
<b>Gross Profit</b>		<b>16.998.738</b>	<b>8.358.966</b>	<b>9.552.514</b>	<b>5.502.548</b>
Administrative expenses (-)	13	(5.124.240)	(2.756.829)	(4.257.472)	(2.270.721)
Marketing expenses (-)	13	(4.432.248)	(2.248.675)	(3.223.103)	(1.644.410)
Other income from operating activities	14	5.800.457	1.827.179	4.347.076	1.674.996
Other expenses from operating activities (-)	14	(4.597.784)	(1.693.058)	(4.361.521)	(1.402.236)
<b>OPERATING PROFIT</b>		<b>8.644.923</b>	<b>3.487.583</b>	<b>2.057.494</b>	<b>1.860.177</b>
Income from investing activities		-	-	64.504	64.504
<b>OPERATING PROFIT BEFORE FINANCE EXPENSE</b>		<b>8.644.923</b>	<b>3.487.583</b>	<b>2.121.998</b>	<b>1.924.681</b>
Financial expenses	15	(4.549.709)	(1.148.665)	(2.066.081)	(1.418.358)
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>4.095.214</b>	<b>2.338.918</b>	<b>55.917</b>	<b>506.323</b>
<b>Tax Income</b>		<b>459.159</b>	<b>421.327</b>	<b>104.514</b>	<b>263.386</b>
Current Tax Expense		(1.036)	(1.036)	-	-
Deferred Tax Income / (Expense)	16	460.195	422.363	104.514	263.386
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>4.554.373</b>	<b>2.760.245</b>	<b>160.431</b>	<b>769.709</b>
Profit / (Loss) for the Period Attributable to					
Non-controlling Interests		(17)	72	12	44
Equity holders of the parent company		4.554.390	2.760.173	160.419	769.665
		<b>4.554.373</b>	<b>2.760.245</b>	<b>160.431</b>	<b>769.709</b>
<b>Profit / (Loss) Per Share</b>	17	<b>0,0027</b>	<b>0,0016</b>	<b>0,0001</b>	<b>0,0005</b>
Other Comprehensive Income;					
<b>Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss</b>		<b>18.800.305</b>	<b>69.705</b>	<b>-</b>	<b>-</b>
Revaluation gains on tangible assets		20.026.020	87.146	-	-
Tax expense on other comprehensive income items		(1.225.715)	(17.441)	-	-
<b>Other Comprehensive Expenses that will be Reclassified Subsequently to Profit or Loss</b>		<b>(124.722)</b>	<b>(16.274)</b>	<b>233.597</b>	<b>234.241</b>
Foreign Currency Translation Differences		(124.722)	(16.274)	233.597	234.241
<b>Other Comprehensive Income</b>		<b>18.675.583</b>	<b>53.431</b>	<b>233.597</b>	<b>234.241</b>
<b>Total Comprehensive Income / (Expense)</b>		<b>23.229.956</b>	<b>2.813.676</b>	<b>394.028</b>	<b>1.003.950</b>
<b>Total Comprehensive Income / (Expense) Distribution</b>					
Non-controlling Interests		15.028	125	12	44
Parent company shares		23.214.928	2.813.551	394.016	1.003.906

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

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Share Adjustments	Share Premium	Share Capital Adjustments	Share Premium	Accumulated Gain/Loss on Revaluation of current Assets	Accumulated Loss on Remeasurement of Defined Benefit Plans	Foreign Currency Translation Differences	Restricted Reserves Appropriated from Profit	Accumulated Losses		Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
										Accumulated Losses	Net (Loss)/ Profit for the Period			
Balance as at 1 January 2016 (reported in the prior period)	16.575.788	6.436.501	5.220	5.220	17.758.214	(1.251.849)	-	325.455	(8.103.387)	(9.372.019)	22.373.923	14.458	22.388.381	
Effect of readjustment (Note 2.1) - Joint operations under mutual control	-	-	-	-	-	-	(130.002)	-	(350.797)	(1.576.137)	(2.056.936)	-	(2.056.936)	
Balance as at 1 January 2016 (restated)	16.575.788	6.436.501	5.220	5.220	17.758.214	(1.251.849)	(130.002)	325.455	(8.454.184)	(10.948.156)	20.316.987	14.458	20.331.445	
Transfers	-	-	-	-	-	-	-	-	(10.948.156)	10.948.156	-	-	-	
Total comprehensive income / (expense)	-	-	-	-	(12.907)	-	-	-	-	12.907	-	-	-	
- Amortization effect of revaluation gains	-	-	-	-	-	-	233.597	-	-	-	233.597	-	233.597	
- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	160.419	12	160.431	
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 30 June 2016 (restated)	16.575.788	6.436.501	5.220	5.220	17.745.307	(1.251.849)	103.595	325.455	(19.389.433)	160.419	20.711.003	14.470	20.725.473	

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



**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Share Adjustments	Share Capital Premium	Share Revaluation	Accumulated Gain/Loss on current Assets	Accumulated Loss on Remeasurement of Defined Benefit Plans	Foreign Currency Translation Differences	Restricted Reserves Appropriated from Profit	Accumulated Losses		Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
									Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	Net (Loss) / Profit for the Period			
Balance as at 1 January 2017	16.575.788	6.436.501	5.220	17.738.889	(1.357.469)	(148.210)	325.455	(19.383.015)	(5.318.125)	14.875.034	14.457	14.889.491	
Transfers	-	-	-	-	-	-	-	(5.318.125)	5.318.125	-	-	-	
Total comprehensive income	-	-	-	18.800.305	-	-	-	-	-	18.800.305	15.045	18.815.350	
- Revaluation gains	-	-	-	(12.907)	-	-	-	-	12.907	-	-	-	
- Amortization effect of revaluation gains	-	-	-	-	-	(124.722)	-	-	-	(124.722)	-	(124.722)	
- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	4.554.390	(17)	4.554.373	
- Net profit for the period	-	-	-	-	-	(272.932)	325.455	(24.688.233)	4.554.390	38.105.007	29.685	38.134.692	
Balance as at 30 June 2017	16.575.788	6.436.501	5.220	36.526.287	(1.357.469)	(272.932)	325.455	(24.688.233)	4.554.390	38.105.007	29.685	38.134.692	

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

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 1 January- 30 June 2017	Restated Reviewed Prior Period 1 January- 30 June 2016
<b>A. Cash flow from operating activities</b>			
<b>Net profit for the period</b>		<b>4.554.373</b>	<b>160.431</b>
- Adjustments related to depreciation and amortization	8-9	3.673.903	3.084.509
- Adjustments related to gain/(loss) on sale of property, plant and equipment		-	(64.504)
- Adjustments related to provision for employment termination benefits		894.870	388.723
- Adjustments related to royalty provision		8.341	51.574
- Adjustments related to provision for unused vacation		97.442	63.817
- Adjustments related to provision for doubtful receivables	6	25.004	-
- Adjustments related to allowance for impairment of inventory	7	(114.879)	(73.880)
- Fair value changes of derivative financial assets and liabilities	14	323.041	-
- Adjustments related to tax income/expenses	16	(459.159)	(104.514)
- Adjustments related to interest income	14	(134.023)	(76.745)
- Adjustments related to interest expense	15	2.321.817	1.528.087
- Adjustments related to foreign exchange income		(629.021)	730.824
- Adjustments related to unrealized foreign currency translation differences		718.588	(319.667)
<b>Total adjustments to net profit for the period</b>		<b>11.280.297</b>	<b>5.368.655</b>
<b>Changes in working capital</b>			
- Changes in trade receivables from related parties		-	10.696
- Changes in trade receivables		(1.862.977)	(901.809)
- Changes in inventories		(6.888.827)	(2.408.030)
- Changes in other receivables and assets		(969.263)	(2.262.079)
- Changes in trade payables		7.590.439	2.873.218
- Changes in trade payables to related parties		(179.735)	(532.896)
- Changes in payables related to employee benefits		206.110	404.409
- Changes in other payables and liabilities		4.981.451	845.918
		<b>14.157.495</b>	<b>3.398.082</b>
- Royalty paid		(8.251)	(38.581)
- Interest paid		(1.792.302)	(1.466.366)
- Interest received		131.068	76.745
- Termination benefits paid		(69.597)	(253.080)
<b>Net cash generated from operating activities</b>		<b>12.418.413</b>	<b>1.716.800</b>

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

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Reviewed Current Period 1 January- 30 June 2017	Restated Reviewed Prior Period 1 January- 30 June 2016
<b>B. Cash flows from investing activities</b>		
- Proceeds from sales of property, plant and equipment	-	88.277
- Payments for the purchase of tangible assets	8 (395.797)	(558.731)
- Payments for the purchase of intangible assets	9 (317.444)	(49.333)
	<u>(713.241)</u>	<u>(519.787)</u>
<b>C. Cash flows from financing activities</b>		
- Proceeds from loans	17.370.410	21.454.139
- Loan repayments	(26.887.623)	(26.567.626)
- Payments of finance lease liabilities	(2.176.633)	(2.964.929)
- Change in financial liabilities to related parties	586.200	53.600
- Change in other financial liabilities	(37.635)	1.197.985
	<u>(11.145.281)</u>	<u>(6.826.831)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>	<u>559.891</u>	<u>(5.629.818)</u>
<b>D.EFFECTS OF EXCHANGE RATE CHANGES</b>		
<b>D.EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>315.961</u>	<u>204.585</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C+D)</b>	<u>875.852</u>	<u>(5.425.233)</u>
<b>E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	21 8.723.026	10.612.034
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	21 <u>9.598.878</u>	<u>5.186.801</u>

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

# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Duran Doğan Basım ve Ambalaj Sanayi A.Ş. (“Company”) and its subsidiaries which are Dudo İthalat ve İhracat Pazarlama A.Ş. and Dudo UK Ltd.’s (together “Group”) main activity is carry out printing, cutting, gluing and laminating processes over paper and cardboard in rolls and sheets, as well as over such materials as any plastic materials, aluminum, metal, tin, etc., for production of any kind of packaging, and to sell, to export and import the same, as well as to engage in and deal with other fields of activities set forth in its Articles of Association.

The Company has been established in Turkey in 1975 and its headquarter is in Hadımköy Mahallesi Mustafa İnan Cad. No:41 Arnavutköy / İSTANBUL. Its Subsidiaries Dudo İthalat ve İhracat Pazarlama A.Ş. is located in Turkey. Dudo UK Ltd. is located in United Kingdom.

Shares of the Company are registered with Capital Market Board (CMB) and are traded at Istanbul Stock Exchange.

Total number of personnel employed at Group as of 30 June 2017 is 245 (31 December 2016: 245).

Major shareholders of the Company are LGR International Societe Anonyme (33,69%), Dikran Mihran Acemyan (9,76%), İbrahim Okan Duran (7,95%), Oktay Duran (8,30%) and Dikran Acemyan (5%).

The details of the Company’s subsidiaries at 30 June 2017, 31 December 2016 and 2015 are as follows:

Subsidiary	30 June 2017		31 December 2016		31 December 2015		Business Line
	Direct ownership	Indirect ownership	Direct ownership	Indirect ownership	Direct ownership	Indirect ownership	
	%	%	%	%	%	%	
Dudo İthalat ve İhracat Pazarlama A.Ş.	99,92	99,92	99,92	99,92	99,92	99,92	Domestic and foreign trade of printed and unprinted cardboard boxes and bundles
Dudo UK Ltd.	100,00	100,00	100,00	100,00	100,00	100,00	

#### Confirmation of Condensed Consolidated Financial Statements:

Condensed consolidated financial statements were ratified by the Board of Directors and authorised for issue there on 18 August 2017. The General Assembly of the Company has the authority to modify the condensed consolidated financial statements.

# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

##### Statement of Compliance

The condensed financial statements attached are prepaid in accordance with the June 13, 2013 and number 28676 declaration of Capital Markets Board (“CMB”) with the 5th item of the series number II, 14.1 “Rules of Declaration related with the financial reporting in CMB” (“Declaration”) and the Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) and the attachments and comments related with these standards are based on.

In addition, condensed consolidated financial statements and disclosures are presented in accordance with the format described by CMB at 7 June 2013.

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

##### Basis of Presentation of Condensed Consolidated Financial Statements and Significant Accounting Policies

The Company and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”) and tax legislation.

The condensed financial statements attached are prepaid in accordance with the June 13, 2013 and number 28676 declaration of Capital Markets Board (“CMB”) with the 5th item of the series number II, 14.1 “Rules of Declaration related with the financial reporting in CMB” (“Declaration”) and the Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) and the attachments and comments related with these standards are based on.

The Group has preferred to disclose its condensed consolidated financial statements as of 30 June 2017 in condensed format in accordance with TAS 34 “Interim Financial Reporting” standard.

The descriptions and disclosures which are needed in the financial statements prepared annually complying with TAS/TFRS are summarized appropriately in accordance with TAS 34 or not mentioned. The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2016 and the related disclosures. Interim periods’ financial statements cannot be the sole indicator of the year-end results by themselves.

The Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the consolidated financial statements as of 31 December 2016.

## DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

##### 2.1 Basis of Presentation (cont'd)

###### Comparative Information and Restatement of Prior Period Consolidated Financial Statements:

The Group's condensed consolidated financial statements have been prepared comparatively with the prior period for allow the determination of financial position and performance trend. Comparative information is reclassified when necessary and important differences are explained, in order to conform to the current period financial statement's presentation.

###### Combinations of Entities or Businesses Under Common Control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are excluded from the scope of TFRS 3 "Business Combinations" ("TFRS 3"). In business combinations under common control, assets and liabilities subject to business combination are accounted for at their carrying value in consolidated financial statements in accordance with the bulletin issued by the POA on 21 July 2013. Statements of profit or loss are consolidated starting from the year that the comparative financial statements are presented and financial statements of previous financial years are restated. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. The residual balance is calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity accounted for as "Effect of Business Combinations Involving Entities under Common Control" within equity.

The Company is acquired 100% of Dudo UK Ltd. its ultimate shareholder Mentor Associates Limited for a consideration of GBP 1 (TL 4) considering the organizational efficiencies. Total liabilities of Dudo UK exceeds total assets of the company the amounting TL 2.229.099 as of the date of purchase. This acquisition was considered within the context of combinations of entities or business under common control and the comparative financial statements were consolidated, the statement of financial position for 31 December 2015 and the consolidated profit and loss statement and the cash flow statement for the year ending 30 June 2016 were restated.

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)****2.1 Basis of Presentation (cont'd)**Combinations of entities or businesses under common control (cont'd):

	Reported in Prior Year 30 June 2016	Effects of Restatement	Restated Prior Year 30 June 2016
Gross Profit	9.441.957	110.557	9.552.514
Operating Profit	2.236.116	(178.622)	2.057.494
Profit Before Tax	201.127	(145.210)	55.917
Profit For The Period	305.641	(145.210)	160.431
Profit Per Share	0,0002	(0,0001)	0,0001

	Reported in Prior Year 31 December 2015	Effects of Restatement	Restated Prior Year 31 December 2015
Current Assets	45.503.128	(1.289.268)	44.213.860
Non-Current Assets	65.637.208	-	65.637.208
Current Liabilities	51.583.604	731.426	52.315.030
Non-Current Liabilities	37.168.351	36.242	37.204.593
Equity	22.388.381	(2.056.936)	20.331.445
Net Loss For The Period	(9.372.019)	(1.576.137)	(10.948.156)
Loss Per Share	(0,0057)	0,0058	0,0001

# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

#### 2.2 New and Revised Turkish Accounting Standards

a) Amendments to TAS affecting amounts reported and/or disclosures in the consolidated financial statements

None.

b) New and revised TAS applied with no material effect on the consolidated financial statements

None.

c) New and revised TAS in issue but not yet effective

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

TFRS 9	<i>Financial Instruments</i> <sup>1</sup>
TFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

#### **TFRS 9 *Financial Instruments***

TFRS 9, issued by Public Oversight Authority (“POA”) in 2010, introduces new requirements for the classification and measurement of financial assets. TFRS 9 is amended in 2011 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Revised version of IFRS 9 is issued by POA in January 2017 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income (“FVTOCI”) measurement category for certain simple debt instruments.

TFRS 9 is effective for the annual periods beginning on or after 1 January 2018. Early adoption is permitted.



# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

#### 2.2 New and Revised Turkish Accounting Standards (cont'd)

##### c) New and revised TAS in issue but not yet effective (cont'd)

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

TFRS 15 also clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

### 3. BUSINESS COMBINATIONS

Information related to the acquisition of Dudo UK, which is considered as a merger according to the entities that are not subject to any business combination that should be assessed under TFRS 3 and is subject to joint control, is presented in Note 2.1.

### 4. SEGMENT REPORTING

The Group started to apply TFRS 8 from 1 January 2013. The authority who is responsible to take decisions about the Group's operating activities determines operating segments based on the management reports reviewed regularly.

The reportable operating segments derive their revenue primarily from sales to Turkey, Europe, USA, Middle East and Africa, and Azerbaijan.

	1 January - 30 June 2017					
	Turkey	Europe	USA	Middle East and Africa	Azerbaijan	Total
Net Sales	34.823.183	18.116.224	970.481	8.247.241	3.425.214	65.582.343
	1 January - 30 June 2016					
	Turkey	Europe	USA	Middle East and Africa	Azerbaijan	Total
Net Sales	33.835.082	9.155.920	1.689.437	3.982.052	3.007.534	51.670.025

## DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

#### 5. RELATED PARTY DISCLOSURES

a) Receivables and payables from related parties:

	30 June 2017	
	Payables	Payables
	Short Term	Long Term
	Trade	Non-Trade
<u>Balances with related parties</u>		
<u>Other companies managed by shareholder</u>		
Duran Makina San. ve Tic. A.Ş.	21.434	-
LGR International Societe Anonyme (*)	469.010	8.006.000
	<u>490.444</u>	<u>8.006.000</u>

	31 December 2016	
	Payables	Payables
	Short Term	Long Term
	Trade	Non-Trade
<u>Balances with related parties</u>		
<u>Other companies managed by shareholder</u>		
Duran Makina San. ve Tic. A.Ş.	6.212	-
LGR International Societe Anonyme (*)	663.967	7.419.800
	<u>670.179</u>	<u>7.419.800</u>

	31 December 2015		
	Receivables	Payables	Payables
	Short Term	Short Term	Long Term
	Trade	Trade	Non-Trade
<u>Balances with related parties</u>			
<u>Other companies managed by shareholder</u>			
Duran Makina San. ve Tic.A.Ş.	10.696	-	-
LGR International Societe Anonyme (*)	-	542.566	6.355.200
	<u>10.696</u>	<u>542.566</u>	<u>6.355.200</u>

(\*) Long term non-trade payables to related parties represent the funds lent by LGR International Societe Anonyme's to the Group for EUR 2.000.000 with a due date of 31 January 2019 and an interest rate of 3% + 12-Month EURIBOR.

Interest will not charged to the trade payables and receivables from related parties.

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**5. RELATED PARTY DISCLOSURES (cont'd)**

## b) Transactions with related parties:

	1 January - 30 June 2017		
	Purchases of goods and services	Sales of goods and services	Interest expense
Balances with related parties			
Other companies managed by shareholder			
Duran Makina San. ve Tic. A.Ş.	26.505	-	-
LGR International Societe Anonyme (*)	348.252	-	120.974
	<u>374.757</u>	<u>-</u>	<u>120.974</u>

	1 January - 30 June 2016		
	Purchases of goods and services	Sales of goods and services	Interest expense
Balances with related parties			
Other companies managed by shareholder			
Duran Makina San. ve Tic. A.Ş.	30.803	4.947	-
LGR International Societe Anonyme (*)	271.886	-	99.259
	<u>302.689</u>	<u>4.947</u>	<u>99.259</u>

(\*) LGR International S.A.S, has been billed consulting fee the Company for 0,5% of the Company's monthly sales for financial consulting, technical consulting and foreign marketing consulting services offered to the Company.

c) Within Benefits to senior management there are, Chairman of the Board, Vice President of Executive Board, Other Executive Board Members, General Manager, Vice General Manager and Financial Affairs Coordinator. As of 30 June 2017, total benefits to senior management are TL 1.947.256 (30 June 2016: TL 1.452.636).

	1 January- 30 June 2017	1 January- 30 June 2016
Wage	1.212.000	1.037.700
Bonus	202.000	172.950
Performance premium	379.000	109.368
Attendance fee	147.000	126.000
Other short term benefits	7.256	6.618
	<u>1.947.256</u>	<u>1.452.636</u>

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**6. TRADE RECEIVABLES AND PAYABLES****a) Trade Receivables:**

The details of the Group's trade receivables as of balance sheet date are as follows:

	30 June 2017	31 December 2016	31 December 2015
<b>Short term trade receivables</b>			
Trade receivables	20.741.498	18.591.634	18.042.255
Trade receivables from related parties (Note 5)	-	-	10.696
Notes receivables	1.673.567	1.049.766	927.784
Provision for doubtful receivables (-)	(88.972)	(63.968)	(63.968)
	<u>22.326.093</u>	<u>19.577.432</u>	<u>18.916.767</u>

Average maturity days of trade receivables are 80 days for domestic costumers, 60 days for foreign customers. As of 30 June 2017, provision for doubtful receivables is amounting to TL 88.972 (31 December 2016: TL 63.968). Significant portion of doubtful receivables belong to customers who have got into economic hardships in an unexpected way.

Allowance for doubtful receivables recorded for trade receivables have been determined due to past experience of incidence of non-collection.

The movement of allowance for doubtful trade receivables of the Group is as follows:

	1 January- 30 June 2017	1 January- 30 June 2016
<b>Movements of provision for doubtful receivables</b>		
Opening balance	63.968	63.968
Charge for the period	25.004	-
Closing balance	<u>88.972</u>	<u>33.649</u>

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**6. TRADE RECEIVABLES AND PAYABLES (cont'd)****b) Trade Payables:**

Details of Group's trade payables as of balance sheet date are as follow:

	30 June 2017	31 December 2016	31 December 2015
<b>Short term trade payables</b>			
Trade payables	23.515.446	15.412.283	10.737.933
Expense accruals	486.677	277.051	173.883
Trade payables to related parties (Note 5)	490.444	670.179	542.566
	<u>24.492.567</u>	<u>16.359.513</u>	<u>11.454.382</u>

Average maturity days of payables for raw material is 120 days. (2016: 120 days).

**7. INVENTORIES**

Inventories are valued at their cost value, and provision is booked for inventories with impaired in value.

	30 June 2017	31 December 2016	31 December 2015
Raw materials	10.318.590	6.346.262	4.740.764
Finished goods	15.061.415	12.144.916	8.298.277
Trade goods	-	-	21.866
Provision for impairment of inventories (-)	(160.208)	(275.087)	(231.912)
	<u>25.219.797</u>	<u>18.216.091</u>	<u>12.828.995</u>

Movements in provision for impairment on inventory during periods ending at 30 June 2017 and 2016 are as follow:

	1 January - 30 June 2017	1 January - 30 June 2016
<b>Movement of provision of impairment of inventory</b>		
Opening balance	(275.087)	(231.912)
Provisions released	275.087	231.912
Charge for the period	(160.208)	(158.032)
Closing balance	<u>(160.208)</u>	<u>(158.032)</u>

The cost of goods sold includes provision for impairment of inventories.

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**8. PROPERTY, PLANT AND EQUIPMENT**

<u>Cost and Restated Value</u>	Land	Buildings	Property, plant and equipment	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
	Opening balance as at 1 January 2017	22.450.000	16.757.239	51.966.115	9.299.251	36.389	1.682.211
Transfer	-	-	31.189	-	(31.189)	-	-
Additions	-	-	95.210	267.817	21.404	11.366	395.797
Revaluation Fund	18.550.000	1.491.072	-	-	-	-	20.041.072
Disposals	-	-	-	(2.070)	-	-	(2.070)
Closing balance as at 30 June 2017	41.000.000	18.248.311	52.092.514	9.564.998	26.604	1.693.577	122.626.004
<u>Accumulated Depreciation</u>							
Opening balance as at 1 January 2017	8.112	2.070.908	32.170.823	6.662.304	-	1.192.117	42.104.264
Charge for the period	-	174.402	2.891.053	336.690	-	176.371	3.578.516
Disposals	-	-	-	(2.070)	-	-	(2.070)
Closing balance as at 30 June 2017	8.112	2.245.310	35.061.876	6.996.924	-	1.368.488	45.680.710
Carrying value as at 30 June 2017	40.991.888	16.003.001	17.030.638	2.568.074	26.604	325.089	76.945.294

During the year 2017, the Group did not buy any property, plant and equipment under non-cancellable finance lease agreements. (2016: None).

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**8. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

<u>Cost and Restated Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Property, plant and equipment</u>	<u>Furniture and fixtures</u>	<u>Construction in progress</u>	<u>Leasehold improvements</u>	<u>Total</u>
Opening balance as at 1 January 2016	22.450.000	16.757.239	51.351.290	8.711.031	52.566	1.577.191	100.899.317
Transfer	-	-	-	-	-	-	-
Additions	-	-	146.023	225.304	142.866	44.538	558.731
Disposals	-	-	(87.768)	-	-	-	(87.768)
Closing balance as at 30 June 2016	<u>22.450.000</u>	<u>16.757.239</u>	<u>51.409.545</u>	<u>8.936.335</u>	<u>195.432</u>	<u>1.621.729</u>	<u>101.370.280</u>
<b>Accumulated Depreciation</b>							
Opening balance as at 1 January 2016	8.112	1.754.372	28.045.832	6.026.323	-	829.446	36.664.085
Charge for the period	16.134	158.269	2.204.739	433.473	-	175.413	2.988.028
Closing balance as at 30 June 2016	<u>24.246</u>	<u>1.912.641</u>	<u>30.250.571</u>	<u>6.459.796</u>	<u>-</u>	<u>1.004.859</u>	<u>39.652.113</u>
Carrying value as at 30 June 2016	<u>22.425.754</u>	<u>14.844.598</u>	<u>21.158.974</u>	<u>2.476.539</u>	<u>195.432</u>	<u>616.870</u>	<u>61.718.167</u>

# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### Fair value measurements of lands and buildings owned by the entity

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and building acquired by financial leases revalued by an independent valuation company, Adres Gayrimenkul Değerleme ve Danışmanlık A.Ş. on March 13, 2017. Adres Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by CMB and provides real estate appraisal services in accordance with the capital market legislation and they have sufficient experience and qualifications in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	30 June 2017	Fair value as at reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
In Hadımköy facility:				
-Building	18.248.311	-	18.248.311	-
-Land	41.000.000	-	41.000.000	-

Useful lives of property, plant and equipment are as follow:

	Useful Life (year)
Infrastructure and land improvements	10-50
Buildings	25-50
Property, plants and equipments	4-20
Vehicles	5
Furniture and fixtures	4-20
Leasehold improvements	5-9

	30 June 2017	31 December 2016	31 December 2015
Net book value of tangible and intangible assets acquired through financial lease:			
Land	4.965.000	4.965.000	4.965.000
Buildings	13.184.400	13.335.945	13.639.034
Property, plants and equipments	4.002.066	5.707.795	10.750.223
Licences	230.844	-	-
	<u>22.382.310</u>	<u>24.008.740</u>	<u>29.354.257</u>



**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**8. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

**Fair Value Measurements of Lands and Buildings owned by the Entity (cont'd)**

If the revalued land and buildings were shown at the cost value, the amounts would be as follows:

	30 June 2017	31 December 2016	31 December 2015
Cost - Land	4.965.000	4.965.000	4.965.000
Cost - Buildings	15.297.018	15.297.018	15.297.018
Accumulated Depreciation- Buildings	(2.245.310)	(2.038.639)	(1.746.260)
Net book value	<u>18.016.708</u>	<u>18.223.379</u>	<u>18.515.758</u>

**9. INTANGIBLE ASSETS**

Cost value	Rights	Capitalized development expenses	Total
Opening balance as at 1 January 2017	3.324.920	187.930	3.512.850
Additions	317.444	-	317.444
Closing balance as at 30 June 2017	<u>3.642.364</u>	<u>187.930</u>	<u>3.830.294</u>
<b>Accumulated amortization</b>			
Opening balance as at 1 January 2017	2.300.720	107.108	2.407.828
Charge for the period	75.387	20.000	95.387
Closing balance as at 30 June 2017	<u>2.376.107</u>	<u>127.108</u>	<u>2.503.215</u>
Carrying value as at 30 June 2017	<u>1.266.257</u>	<u>60.822</u>	<u>1.327.079</u>
Cost value	Rights	Capitalized development expenses	Total
Opening balance as at 1 January 2016	3.168.471	187.930	3.356.401
Additions	49.333	-	49.333
Closing balance as at 30 June 2016	<u>3.217.804</u>	<u>187.930</u>	<u>3.405.734</u>
<b>Accumulated amortization</b>			
Opening balance as at 1 January 2016	2.164.167	53.554	2.217.721
Charge for the period	77.688	18.793	96.481
Closing balance as at 30 June 2016	<u>2.241.855</u>	<u>72.347</u>	<u>2.314.202</u>
Carrying value as at 30 June 2016	<u>975.949</u>	<u>115.583</u>	<u>1.091.532</u>

Depreciation and amortization expense amounted at TL 3.420.364 (2016: TL 2.751.480) has been charged in "cost of goods sold", TL 137.377 (2016: 135.650) in "marketing and sales expenses" TL 116.162 (2016: TL 192.760) in "administrative expenses". There is no depreciation added to idle capacity costs (2016: 4.619 TL).

Useful lives of intangible assets are as follow:

	<u>Useful Life (year)</u>
Rights	3-15
Capitalized development expenses	5

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES****Guarantees Given**

<u>30 June 2017</u>	<u>TL Equivalent</u>	<u>GBP</u>	<u>EUR</u>	<u>TL</u>
A. Total amount of GPM given by Group on behalf of Entity	16.399.726	1.060.000	2.790.000	417.578
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	-	-
C. Total amount of GPM that the Company has given to provide for the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given				
i. Total amount of GPM given on behalf of Parent Company	-	-	-	-
ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not included in B and C items	-	-	-	-
iii. Total Amount of GPM that the Company has given on behalf of third parties not included in C item	-	-	-	-
Total	<u>16.399.726</u>	<u>1.060.000</u>	<u>2.790.000</u>	<u>417.578</u>

**GPM Given by the Company**

<u>31 December 2016</u>	<u>TL Equivalent</u>	<u>GBP</u>	<u>EUR</u>	<u>TL</u>
A. Total amount of GPM given by Group on behalf of Entity	23.684.401	-	6.285.000	367.679
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	-	-
C. Total amount of GPM that the Company has given to provide for the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given				
i. Total amount of GPM given on behalf of Parent Company	-	-	-	-
ii. Total amount of GPM that the Company has given on behalf of Other Group Companies not included in B and C items	-	-	-	-
iii. Total Amount of GPM that the Company has given on behalf of third parties not included in C item	-	-	-	-
Total	<u>23.684.401</u>	<u>-</u>	<u>6.285.000</u>	<u>367.679</u>

## DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

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#### 10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

##### Guarantees Given (cont'd)

31 December 2015	TL Equivalent	GBP	EUR	TL
A. Total amount of GPM given by Group in behalf of Entity	20.547.231	-	6.270.000	623.679
B. Total amount of GPM on behalf of the shareholders included in consolidation	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-
D. Total amount of other GPM given				
i. Total amount of GPM given in behalf of parent company	-	-	-	-
ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not included in B and C items	-	-	-	-
iii. Total Amount of GPM that the Company has given in behalf of third parties not included in C item	-	-	-	-
Total	<u>20.547.231</u>	<u>-</u>	<u>6.270.000</u>	<u>623.679</u>

As of 30 June 2017, the amount of Guarantees given related to outstanding bank loans is TL 25.158.060 TL 15.982.148 of the total amount consists of guarantee letters and the remaining amounts to TL 9.175.912 consist of shareholders personal sureties (31 December 2016 TL 23.316.722 Guarantee Letters, TL 11.904.102 Personal Sureties)

As of 30 June 2017, rate of other GPM's given by Group to owner's equity is 0% (31 December 2016: 0%).

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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### 11. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

#### a) Share Capital

As of 30 June 2017, 31 December 2016 and 31 December 2015 the share capital held is as follows:

Shareholders	%	30 June		31 December		31 December	
		2017	%	2016	%	2015	
LGR International Societe Anonyme	33,69	5.584.189	33,69	5.584.189	33,69	5.584.189	
Dikran Mihran Acemyan	9,76	1.617.436	9,76	1.617.436	9,76	1.617.436	
Oktay Duran	8,30	1.376.296	8,30	1.376.296	8,30	1.376.296	
İbrahim Okan Duran	7,95	1.318.179	7,95	1.318.179	7,95	1.318.179	
Dikran Acemyan	5,00	828.984	5,00	828.984	5,00	828.984	
Other	35,30	5.850.704	35,30	5.850.704	35,30	5.850.704	
Nominal Capital	100	16.575.788	100	16.575.788	100	16.575.788	

The total number of ordinary shares authorized is 1.657.578.750 shares in 2017 (2016: 1.657.578.750) with a par value of Kr 1 per share (2016: Kr 1 per share).

#### b) Restricted Reserves Appropriated from Profit

Legal Reserves	30 June		31 December		31 December	
	2017	2016	2016	2015		
	325.455	325.455	325.455	325.455		
	325.455	325.455	325.455	325.455		

According to Turkish Commercial Code, legal reserves consist of first and second legal reserves. The first legal reserves, appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid in share capital. The second legal reserve is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash distributions. According to Turkish Commercial Code, as long as the general reserves do not exceed the capital or half of the basic capital they may be expended exclusively for covering losses, for taking the proper measures for maintaining the undertaking in times when business is not good for preventing unemployment or for reducing the consequences thereof.

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**12. REVENUE AND COST OF SALES**

Details of revenue and cost of sales for periods ended 30 June 2017 and 2016 are as follows:

a) Sales	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Domestic sales	34.070.842	16.455.826	33.835.058	16.590.112
Foreign sales	32.282.699	19.470.681	18.175.391	10.285.129
Sales returns (-)	(771.198)	(393.103)	(319.939)	(165.050)
Sales discounts (-)	-	-	(20.485)	(20.485)
	<u>65.582.343</u>	<u>35.533.404</u>	<u>51.670.025</u>	<u>26.689.706</u>
b) Cost of sales	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Raw materials used	29.475.982	16.567.643	29.742.536	15.435.385
General production expense	5.800.002	3.146.023	5.702.828	3.359.697
Personnel expenses	6.389.275	3.226.888	5.872.716	2.820.642
Depreciation and amortization expenses (Note 8,9)	3.420.364	2.159.252	2.751.480	1.349.392
Change in finished goods	2.916.499	1.774.350	(2.677.907)	(1.795.308)
Cost of goods sold	<u>48.002.122</u>	<u>26.874.156</u>	<u>41.391.653</u>	<u>21.169.808</u>
Cost of merchandises sold (-)	135.913	58.705	315.993	(171.563)
Cost of other sales (-)	444.670	241.577	405.246	186.603
Idle capacity expenses	900	-	4.619	2.310
	<u>48.583.605</u>	<u>27.174.438</u>	<u>42.117.511</u>	<u>21.187.158</u>

**13. ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES**

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
General administrative expenses	5.124.240	2.756.829	4.257.472	2.270.721
Marketing expenses	4.432.248	2.248.675	3.223.103	1.644.410
	<u>9.556.488</u>	<u>5.005.504</u>	<u>7.480.575</u>	<u>3.915.131</u>

**DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**13. ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES (cont'd)**

Details of administrative expenses and marketing expenses for the periods ended 30 June 2017 and 2016 are as follows:

a) Details of General Administrative Expenses	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Personnel expenses	3.387.571	1.909.785	2.667.833	1.495.520
Financial and legal consulting expenses	653.663	363.103	579.503	307.063
Motor vehicle expenses	221.397	112.978	185.464	94.878
Research and development expenses	137.343	69.735	121.825	61.013
Depreciation and amortization expenses (Note 8,9)	116.162	60.208	192.760	93.610
Information technologies expenses	113.040	60.511	98.453	46.330
Travelling expenses	63.106	42.653	109.057	55.539
Subscription expenses	49.657	20.756	37.520	12.935
Accommodation and fair expenses	36.011	24.453	71.309	55.384
Services received from subcontractors	26.037	14.056	21.931	11.923
Legal and notary expenses	25.627	21.800	51.500	44.456
Provision for doubtful receivables (Note 6)	25.004	-	-	-
Communication and transportation expenses	20.478	10.744	19.451	10.968
Other expenses	249.144	46.047	100.866	(18.898)
	<u>5.124.240</u>	<u>2.756.829</u>	<u>4.257.472</u>	<u>2.270.721</u>
b) Details of Marketing Expenses	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Foreign transportation expenses	1.983.305	1.072.099	1.069.724	602.943
Personnel expenses	726.410	337.561	588.036	250.748
Domestic transportation expenses	653.964	280.968	666.118	320.773
Export commission expenses	238.294	229.993	138.979	115.037
Depreciation and amortization expenses (Note 8,9)	137.377	68.087	135.650	67.954
Accommodation and fair expenses	131.252	56.380	80.078	35.725
Motor vehicle expenses	72.446	36.863	60.754	30.689
Communication and transportation expenses	55.542	28.408	49.188	29.611
Travelling expenses	55.202	9.222	52.586	14.805
Royalty expenses	17.539	9.246	38.581	28.589
Services received from subcontractors	5.353	2.927	4.619	2.424
Cost of samples used	4.128	1.316	2.490	1.516
Other expenses	351.436	115.605	336.300	143.596
	<u>4.432.248</u>	<u>2.248.675</u>	<u>3.223.103</u>	<u>1.644.410</u>

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**14. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

The details of other incomes from operating activities for the years ended 30 June 2017 and 2016 are as follows:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Foreign exchange gains from operations	4.123.689	743.184	3.309.543	1.060.716
Discount and interest income	1.113.753	614.146	693.785	340.905
Interest income from time deposits	134.023	72.226	76.745	30.833
Other incomes	428.992	397.623	267.003	242.542
	<u>5.800.457</u>	<u>1.827.179</u>	<u>4.347.076</u>	<u>1.674.996</u>

The details of other expenses from operating activities for the years ended 30 June 2017 and 2016 are as follow:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Foreign exchange losses from operations	3.592.004	962.166	3.717.533	1.169.682
Discount and interest expense	658.757	386.894	350.957	180.139
Expenses from derivative financial instruments	323.041	323.041	-	-
Other expenses	23.982	20.957	293.031	52.415
	<u>4.597.784</u>	<u>1.693.058</u>	<u>4.361.521</u>	<u>1.402.236</u>

**15. FINANCE INCOME / (EXPENSES)**

Details of finance income and expense for the years ended 30 June 2017 and 2016 are as follows:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Interest expenses	2.321.817	1.415.688	1.528.087	724.064
Foreign exchange expenses / (income), (net)	2.092.687	(330.202)	302.834	563.847
Other finance expenses	135.205	63.179	235.160	130.447
	<u>4.549.709</u>	<u>1.148.665</u>	<u>2.066.081</u>	<u>1.418.358</u>

# DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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### 16. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2017	31 December 2016
<u>Current tax liability</u>		
Current corporate tax provision	1.036	-
Less: prepaid taxes and funds	-	-
	<u>1.036</u>	<u>-</u>
	1 January- 30 June 2017	1 January- 30 June 2016
Tax expense consists of below:		
Current tax expense	1.036	-
Deferred tax (income) / expense	(460.195)	(104.514)
	<u>(459.159)</u>	<u>(104.514)</u>

#### Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. 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 the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income, accumulated losses and investment incentives utilized.

The effective tax rate in 2017 is 20% (2016: 20%) for the Group.

The effective tax rate applied in the UK in 2017 is 20% (2016: 20%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2017 is 20%. (2016: 20%).

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.



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#### 16. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

##### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

##### Investment Incentives

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No: 193 with the effect of Article 5 of Law No: 6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The all amount refers to the investment incentive exemption (31 December 2016,2015: All with exemptions). In case the investment incentive exemption is utilized the tax liability rate of 19,8% will be applied. Therefore, 0,2% (20%-19,8%) deferred tax calculated on investment incentives exemption. 20% deferred tax calculated on the investment incentives with no exemption.

Investment incentives amounting to TL 1.403.837 (31 December 2016: TL 1.403.837) which can be deducted from the financial profit to be generated in the following periods, is taken into consideration in the deferred tax accounts. The total amount of this investment incentive is composed of the investment discount amount with withholding tax (31 December 2016: all with exemptions). If the amount of the reduction of the withholding investment is used, the tax burden will be 19,8%. For this reason, a deferred tax asset of 0.2% (20% -19.8%) is calculated over the withholding tax deduction. Deferred tax assets of 20% are calculated as deferred tax assets with no withholding tax.

##### Deferred Tax

Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% (2015: 20%) is used.

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**16. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)**

Deferred Tax (cont'd)

As at 30 June 2017, the Group has unused tax losses of TL 4.104.555 available for offset against future profits and the accompanying condensed consolidated financial statements do not include any deferred tax assets in respect of these losses. Unrecognized tax losses will expire as follows;

	30 June 2017	31 December 2016	31 December 2015
Expiring in 2021	3.954.296	3.954.296	-
Expiring in 2020	150.259	3.386.990	6.773.981
Expiring in 2018	-	3.534.732	7.069.463
	<u>4.104.555</u>	<u>10.876.018</u>	<u>13.843.444</u>

Temporary timing differences taken as basis for  
deferred tax

	30 June 2017	31 December 2016	31 December 2015
- Investment incentive-withholdings	1.605.767	1.522.900	1.522.900
- Depreciation and amortization of tangible and intangible assets	3.567.709	2.270.271	2.270.271
- Provisions for employment termination benefits	3.966.968	3.141.695	2.994.246
- Unused vacation pay accruals	292.166	194.724	156.319
- Provision for impairment of inventories	160.208	275.087	231.912
- Deferred income adjustment	42.365	66.048	287.621
- Prepaid expenses adjustment	220.354	127.720	150.564
- Revaluation of tangible fixed assets	(36.594.284)	(18.945.221)	(18.945.221)
- Accumulated losses	4.104.555	10.876.018	13.843.444
- Adjustments of derivative transactions	323.040	-	-
- Other	735.212	263.189	(240.320)
	<u>(21.575.940)</u>	<u>(207.569)</u>	<u>2.271.736</u>

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**16. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)**

<u>Deferred tax assets / (liabilities)</u>	30 June 2017	31 December 2016	31 December 2015
- Investment incentive-withholdings(*)	3.212	3.046	2.808
- Depreciation and amortization differences of property, plants and equipments and exchange differences and interest expenses recognised as expense	713.542	454.054	307.227
- Provisions for employment termination benefits	793.394	628.339	598.849
- Unused vacation pay accruals	58.433	38.945	31.264
- Provision for impairment of inventories	32.042	55.017	46.382
- Deferred income adjustment	8.473	13.210	57.524
- Prepaid expenses adjustment	44.071	25.544	30.113
- Revaluation of tangible fixed assets	(2.392.009)	(1.166.294)	(1.166.294)
- Accumulated losses	820.911	2.175.203	2.768.689
- Adjustments of derivative transactions	64.608	-	-
- Other	147.042	52.639	(48.064)
	<u>293.719</u>	<u>2.279.703</u>	<u>2.628.498</u>
Provision for deferred tax assets	(1.093.307)	(2.313.771)	(2.911.143)
	<u>(799.588)</u>	<u>(34.068)</u>	<u>(282.645)</u>

	30 June 2017	31 December 2016	31 December 2015
Deferred tax assets	14.977	12.735	10.255
Deferred tax liabilities	(814.565)	(46.803)	(292.900)
	<u>(799.588)</u>	<u>(34.068)</u>	<u>(282.645)</u>

(\*) In case of using withholding tax investment incentive there will be 19,8% taxation, therefore, deferred tax effect of this item is 0,2%.

<u>Movement of deferred tax assets</u>	1 January- 30 June 2017	1 January- 30 June 2016
Opening balance as at 1 January	(34.068)	(246.403)
Recognized on statement of profit or loss	460.195	104.514
Recognized at statement of changes in equity	(1.225.715)	-
Closing balance as at 30 June	<u>(799.588)</u>	<u>(141.889)</u>

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**16. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)**

Reconciliation of tax expense with profit for the period is as follows:

	1 January- 30 June 2017	1 January- 30 June 2016
<u>Reconciliation of taxation:</u>		
Profit / (loss) from operating before taxation	4.095.214	55.917
Income tax rate 20% (2016: 20:%)	(819.043)	(11.183)
Tax effects of:		
- non deductible expenses	(51.111)	(44.988)
- accumulated losses utilized in current period	1.461.041	214.121
- change in provision for deferred tax assets	(133.828)	(18.156)
- other	2.100	(35.280)
Tax provision income in statement of profit	<u>459.159</u>	<u>104.514</u>

**17. EARNINGS / (LOSS) PER SHARE**

As of 30 June 2017 and 2016, the Company's weighted average number of shares and computation of earnings per share set out here are as follows:

	1 January- 30 June 2017	1 January- 30 June 2016
Average number of shares outstanding during the period	1.657.578.750	1.657.578.750
Net profit / (loss) for the period attributable to owners	4.554.390	160.419
Earnings / (loss) per share	<u>0,0027</u>	<u>0,0001</u>

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**18. FINANCIAL INSTRUMENTS**

a) Bank Loans

	30 June 2017	31 December 2016	31 December 2015
<b>Financial liabilities</b>			
Short term bank loans	23.900.591	31.923.533	23.502.325
Short term portion of long term loans	4.434.126	4.222.063	7.717.838
Short term leasing payables	3.090.058	6.217.755	5.847.609
Other financial liabilities	1.912.168	1.949.803	1.470.589
<b>Total short term financial liabilities</b>	<b>33.336.943</b>	<b>44.313.154</b>	<b>38.538.361</b>
Long term bank loans	1.078.428	1.454.807	4.862.347
Long term leasing payables	22.128.647	21.258.594	22.633.853
<b>Total long term financial liabilities</b>	<b>23.207.075</b>	<b>22.713.401</b>	<b>27.496.200</b>
<b>Total financial liabilities</b>	<b>56.544.018</b>	<b>67.026.555</b>	<b>66.034.561</b>

Currency	Weighted average effective interest rate	30 June 2017	
		Short Term	Long Term
TL	13,90%	8.938.308	1.078.428
EUR	1,74%	14.582.631	-
GBP	1,24%	4.813.778	-
		<b>28.334.717</b>	<b>1.078.428</b>

Currency	Weighted average effective interest rate	31 December 2016	
		Short Term	Long Term
TL	13,39%	7.644.945	-
EUR	1,60%	28.500.651	1.454.807
		<b>36.145.596</b>	<b>1.454.807</b>

Currency	Weighted average effective interest rate	31 December 2015	
		Short Term	Long Term
TL	12,17%	2.505.180	-
EUR	2,08%	28.714.983	4.862.347
		<b>31.220.163</b>	<b>4.862.347</b>

	30 June 2017	31 December 2016	31 December 2015
Within 1 year	28.334.717	36.145.596	31.220.163
Within 1 - 2 years	1.078.428	1.454.807	2.885.429
Within 2 - 3 years	-	-	1.246.070
Within 3 - 4 years	-	-	730.848
	<b>29.413.145</b>	<b>37.600.403</b>	<b>36.082.510</b>

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**18. FINANCIAL INSTRUMENTS (cont'd)**

a) Bank Loans (cont'd)

As of 30 June 2017, the amount of Guarantees given related to ongoing bank loans is TL 25.158.060. TL 15.982.148 of the total amount consist of guarantee letters and rest of the remaining amount to TL 9.175.912 consist of shareholders personal sureties (31 December 2016: TL 23.316.722 Guarantee Letters, TL 11.904.102 Personal Sureties)

Except the guarantee letters mentioned above; because of the characteristic of discount loans used by the entity, on behalf of the entity, the amount of TL 1.729.209 in bank accounts is blocked by a rate of 2,75% until the maturity date (31 December 2016: TL 1.922.481).

b) Financial Lease Payables

	Minumum Lease Payments		Present Value of Minumum Lease Payments	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<b>Financial lease payables</b>				
Within one year	4.639.859	7.674.136	3.090.058	6.217.755
Within two to ten years	26.619.956	23.450.816	22.128.647	21.258.594
	31.259.815	31.124.952	25.218.705	27.476.349
Less: Future finance charges	(6.041.110)	(3.648.603)		
Present value of financial lease payables	<u>25.218.705</u>	<u>27.476.349</u>		
Less: Amounts due to settlement within twelve months (disclosed in current liabilities)	(3.090.058)	(6.217.755)		
Amounts due for settlement after 12 months	<u>22.128.647</u>	<u>21.258.594</u>		

Currency	Interest Rate	30 June 2017	
		Short Term	Long Term
USD	5,9%-7,5%	2.253.486	22.023.173
EUR	4,5%-7,5%	836.572	105.474
		<u>3.090.058</u>	<u>22.128.647</u>
Currency	Interest Rate	31 December 2016	
		Short Term	Long Term
USD	5,9%-7,5%	5.214.601	21.258.594
EUR	4,5%-7,5%	1.003.154	-
		<u>6.217.755</u>	<u>21.258.594</u>

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#### 18. FINANCIAL INSTRUMENTS (cont'd)

##### b) Financial Lease Payables (cont'd)

Currency	Interest Rate	31 December 2015	
		Short Term	Long Term
USD	5,9%-7,5%	4.267.098	21.774.633
EUR	4,5%-7,5%	1.580.511	859.220
		<u>5.847.609</u>	<u>22.633.853</u>

Finance leases are related to manufacturing equipment with lease term of 10 years and other machine and equipment with lease term of 5 years. The group has options to purchase the equipment with lease term of 10 years and machine with lease term of 5 years. The Group's obligations under finance leases are secured by the lessors' title to the leased assets. Applied interest rate related to financial lease; for USD leases changes between 5,9% and 7,5%, for EUR leases changes between 4,5% and 7,5%.

##### c) Derivative Instruments

	30 June 2017	31 December 2016	31 December 2015
	Assets	Assets	Assets
Forward exchange transactions	<u>260.927</u>	<u>-</u>	<u>-</u>
Short term	<u>260.927</u>	<u>-</u>	<u>-</u>
	<u>260.927</u>	<u>-</u>	<u>-</u>

##### Currency Derivative Transactions:

The Group utilizes derivatives to hedge significant future transactions and cash flows. The Group is a party of foreign currency forward contracts and options based on the foreign currency risk management. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

As of June 30, 2017, the Group has 5 foreign currency purchase contracts with a nominal value of TL 9.378.700 (31 December 2016: None, 31 December 2015: None) in total.

Change in the fair value of the foreign currency derivative transactions not hedged amounting to TL 323.041 has been recorded profit and loss during the period.

The Group has not regulated foreign currency liability as a hedging instrument against the financial risk of the conversion of foreign operations.

#### 19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

##### *Foreign currency risk management*

Transactions denominated in foreign currencies result in foreign currency risk. Foreign currency risk is managed within approved policy parameters utilizing forward foreign exchange contracts.

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**19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

***Foreign currency risk management (cont'd)***

The carrying amounts of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the reporting period are as follows:

<b>30 June 2017</b>	<b>TL Equivalent</b>	<b>US Dollar</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>	<b>Other</b>
1. Trade Receivables	8.931.721	983.563	810.244	493.000	-	-
2a. Monetary financial assets	6.548.210	428.417	1.142.500	84.485	360	92.600
2b. Non-Monetary financial assets	10.654.325	-	176.972	2.190.101	-	-
3. Other	2.206.868	20.121	488.660	36.233	4.285	-
4. CURRENT ASSETS	28.341.124	1.432.101	2.618.376	2.803.819	4.645	92.600
5. Other	124.783	35.580	-	-	-	-
6. NON - CURRENT ASSETS	124.783	35.580	-	-	-	-
7. TOTAL ASSETS	28.465.907	1.467.681	2.618.376	2.803.819	4.645	92.600
8. Trade payables	4.210.734	81.400	762.435	192.286	-	-
9. Financial liabilities	22.486.468	642.550	3.851.912	1.060.000	-	-
10. CURRENT LIABILITIES	26.697.202	723.950	4.614.347	1.252.286	-	-
11. Financial liabilities	22.128.650	6.279.597	26.349	-	-	-
12. Other monetary liabilities	8.006.000	-	2.000.000	-	-	-
13. NON-CURRENT LIABILITIES	30.134.650	6.279.597	2.026.349	-	-	-
14. TOTAL LIABILITIES	56.831.852	7.003.547	6.640.696	1.252.286	-	-
15. TOTAL LIABILITIES	56.831.852	7.003.547	6.640.696	1.252.286	-	-
16. Net foreign currency asset/(liabilities) position (7-15)	(28.365.945)	(5.535.866)	(4.022.320)	1.551.533	4.645	92.600
17. Monetary items net foreign currency assets/liabilities position (1+2+3+5-8-9-11-12)	(39.020.270)	(5.535.866)	(4.199.292)	(638.568)	4.645	92.600



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**19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**Foreign currency risk management (cont'd)**

	TL Equivalent	US Dollar	EUR	GBP	CHF	Other
<b>31 December 2016</b>						
1. Trade Receivables	6.932.125	842.103	989.918	68.559	-	-
2a. Monetary financial assets	7.267.220	445.146	1.024.688	435.791	300	18.993
2b. Non-Monetary financial assets	7.283.172	-	48.304	1.644.856	-	-
3. Other	2.247.981	3.981	599.509	2.281	-	-
4. CURRENT ASSETS	23.730.498	1.291.230	2.662.419	2.151.487	300	18.993
5. Other	125.213	35.580	-	-	-	-
6. NON - CURRENT ASSETS	125.213	35.580	-	-	-	-
7. TOTAL ASSETS	23.855.711	1.326.810	2.662.419	2.151.487	300	18.993
8. Trade payables	2.948.020	77.990	433.403	213.010	10.977	128.059
9. Financial liabilities	34.600.034	1.448.122	7.952.722	-	-	-
10. CURRENT LIABILITIES	37.548.054	1.526.112	8.386.125	213.010	10.977	128.059
11. Financial liabilities	22.713.401	6.040.746	392.142	-	-	-
12. Other monetary liabilities	7.419.800	-	2.000.000	-	-	-
13. NON-CURRENT LIABILITIES	30.133.201	6.040.746	2.392.142	-	-	-
14. TOTAL LIABILITIES	67.681.255	7.566.858	10.778.267	213.010	10.977	128.059
15. TOTAL LIABILITIES	67.681.255	7.566.858	10.778.267	213.010	10.977	128.059
16. Net foreign currency asset/(liabilities) position (7-15)	(43.825.544)	(6.240.048)	(8.115.848)	1.938.477	(10.677)	(109.066)
17. Monetary items net foreign currency assets/liabilities position (1+2+3+4-8-9-11-12)	(51.108.716)	(6.240.048)	(8.164.152)	293.621	(10.677)	(109.066)

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**19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**Foreign currency risk management (cont'd)**

Foreign currency sensitivity analysis

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to US Dollar, Euro and British Pounds ("GBP").

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollar, euro and British Pounds against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	30 June 2017		30 June 2016	
	Profit/(Loss)		Profit/(Loss)	
	Revaluation of foreign currency	Devaluation of foreign currency	Revaluation of foreign currency	Devaluation of foreign currency
If US Dollar appreciated against TL by 10%				
1 - US Dollars net assets / liabilities	(1.941.484)	1.941.484	(2.185.680)	2.185.680
2- Part of hedged from US Dollar risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(1.941.484)</b>	<b>1.941.484</b>	<b>(2.185.680)</b>	<b>2.185.680</b>
If Euro appreciated against TL by 10%				
4 - Euro net assets / liabilities	(1.680.977)	1.680.977	(2.974.448)	2.974.448
5 - Part of hedged from Euro risk (-)	2.330.000	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>649.023</b>	<b>1.680.977</b>	<b>(2.974.448)</b>	<b>2.974.448</b>
If GBP appreciated against TL by 10%				
7- GBP net assets / liabilities	(289.993)	289.993	78.197	(78.197)
8- Part of hedged from GBP risk (-)	-	-	-	-
<b>9- GBP net effect (7+8)</b>	<b>(289.993)</b>	<b>289.993</b>	<b>78.197</b>	<b>(78.197)</b>
If Swiss Frank appreciated against TL by 10%				
10- Swiss Frank net assets/liabilities	1.697	(1.697)	636	(636)
11- Part of hedged from Swiss Frank (-)	-	-	-	-
<b>12- Swiss Frank net effect (10+11)</b>	<b>1.697</b>	<b>(1.697)</b>	<b>636</b>	<b>(636)</b>
<b>Total (3+6+9+12)</b>	<b>(1.580.757)</b>	<b>3.910.757</b>	<b>(5.081.295)</b>	<b>5.081.295</b>

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**20. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)**

**Categories of financial instruments and fair values**

	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized costs	Carrying value	Note
<b>30 June 2017</b>				
<b><u>Financial Assets</u></b>				
Cash and cash equivalents	9.598.878	-	9.598.878	21
Trade receivables	22.326.093	-	22.326.093	6
Other receivables	309.859	-	309.859	
Other current assets	1.737.098	-	1.737.098	
<b><u>Financial liabilities</u></b>				
Borrowings	-	56.544.018	56.544.018	18
Trade payables	-	24.492.567	24.492.567	6
Other payables	-	8.068.830	8.068.830	
<b>31 December 2016</b>				
<b><u>Financial Assets</u></b>				
Cash and cash equivalents	8.723.026	-	8.723.026	21
Trade receivables	19.577.432	-	19.577.432	6
Other receivables	333.210	-	333.210	
Other current assets	1.934.635	-	1.934.635	
<b><u>Financial liabilities</u></b>				
Borrowings	-	67.026.555	67.026.555	18
Trade payables	-	16.359.513	16.359.513	6
Other payables	-	7.513.455	7.513.455	
<b>31 December 2015</b>				
<b><u>Financial Assets</u></b>				
Cash and cash equivalents	10.612.034	-	10.612.034	21
Trade receivables	18.916.767	-	18.916.767	6
Other receivables	276.424	-	276.424	
Other current assets	1.065.940	-	1.065.940	
<b><u>Financial liabilities</u></b>				
Borrowings	-	66.034.561	66.034.561	18
Trade payables	-	11.454.382	11.454.382	6
Other payables	-	6.378.436	6.378.436	

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**21. DISCLOSURES ON STATEMENT OF CASH FLOWS**

	30 June 2017	31 December 2016	31 December 2015
Cash	14.101	15.586	14.883
Cash at banks	9.584.777	8.707.440	10.597.151
<i>Demand deposits</i>	5.175.140	2.819.678	723.755
<i>Time deposits less than 3 months maturity</i>	4.409.637	5.887.762	9.873.396
	<u>9.598.878</u>	<u>8.723.026</u>	<u>10.612.034</u>

Currency	Interest rate (%)	Maturity	30 June 2017
EUR	1,50%	up to 1-month	1.781.335
EUR	1,90%	up to 3-month	2.003.549
USD	3,00%	up to 1-month	624.753
			<u>4.409.637</u>

Currency	Interest rate (%)	Maturity	31 December 2016
TL	8,00%	up to 1-month	1.300.000
EUR	1,42%	up to 1-month	3.508.037
GBP	1,50%	up to 1-month	1.079.725
			<u>5.887.762</u>

**22. EVENTS AFTER THE REPORTING PERIOD**

The investment negotiations which were initiated by the Company's Board of Directors on April 12, 2017, were concluded on 3 August 2017 and it was decided to purchase a new printing press with features that would increase capacity and produce value added products by using a financing loan of 5.000.000 Euros.