

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

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2020 AND REVIEW REPORT

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



Building a better
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(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 2020 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 condensed 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 condensed 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".

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of Ernst & Young Global Limited

Önur Unal
Partner

İstanbul, 18 August 2020

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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 2020

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

	<u>Notes</u>	<u>Reviewed 30 June 2020</u>	<u>Audited 31 December 2019</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	22	145.273.261	135.751.604
Financial Investments		9.808.253	25.482.545
- <i>Restricted Bank Balances</i>	10	235.990	1.634.115
Trade Receivables		58.985.852	53.162.380
<i>Trade Receivables from Third Parties</i>	6	58.985.852	53.162.380
Other Receivables		33.837	43.037
<i>Other Receivables from Third Parties</i>		33.837	43.037
Inventories	7	65.062.075	51.456.750
Prepaid Expenses	10	4.584.210	2.640.226
Other Current Assets	10	6.563.044	1.332.551
Non-Current Assets			
Other Receivables		167.207.697	135.746.649
<i>Other Receivables from Third Parties</i>		451.755	362.262
Property, Plant and Equipments	8	44.103.076	43.425.150
Intangible Assets	9	3.053.603	2.928.547
Right of Use Assets	8	109.824.941	81.513.696
Prepaid Expenses	10	5.751.469	5.462.309
Deferred Tax Assets	17	4.022.853	2.054.685
TOTAL ASSETS		312.480.958	271.498.253

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 2020

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

	Notes	Reviewed 30 June 2020	Audited 31 December 2019
LIABILITIES			
Current Liabilities			
Short-Term Borrowings	19	29.321.223	25.227.159
Short-Term Portion of Long-term Borrowings		42.516.782	26.845.517
<i>Short-Term Portion of Long-Term Borrowings from Third Parties</i>	19	21.479.333	15.440.229
<i>Borrowings from Leasing Operations</i>	19	21.037.449	11.405.288
Other Financial Liabilities		950.738	633.550
Trade Payables		34.372.337	26.275.396
<i>Trade Payables to Related Parties</i>	5	722.880	1.358.279
<i>Trade Payables to Third Parties</i>	6	33.649.457	24.917.117
Payables Related to Employee Benefits		2.486.031	1.933.761
Other Payables		15.723.063	328.081
<i>Other Payables to Related Parties</i>	5	15.710.961	254.221
<i>Other Payables to Third Parties</i>		12.102	73.860
Derivative Financial Liabilities		240.875	150.921
Deferred Income	10	3.906.373	1.727.805
Period Income Tax Liabilities		-	501.430
Short-Term Provisions		1.751.485	1.793.103
<i>Short-Term Provisions for Employee Termination Benefits</i>		1.723.359	1.780.786
<i>Other Short-Term Provisions</i>		28.126	12.317
Other Current Liabilities		907.394	1.410.457
Non-Current Liabilities			
Long-Term Borrowings		110.604.438	88.698.077
<i>Long-Term Borrowings from Third Parties</i>	19	59.211.948	56.468.300
<i>Borrowings from Leasing Operations</i>	19	51.392.490	32.229.777
Other Payables		-	13.301.200
<i>Other Payables to Related Parties</i>	5	-	13.301.200
Deferred Income		9.363	65.539
Long-Term Provisions		7.584.481	8.232.889
<i>Long-Term Provisions for Employee Termination Benefits</i>		7.584.481	8.232.889
Deferred Tax Liabilities	17	2.848.425	3.835.560
EQUITY		59.257.950	70.537.808
Equity Attributable to Parent of the Company			
Share Capital	12	16.575.788	16.575.788
Adjustments to Share Capital		6.436.501	6.436.501
Share Premium		5.220	5.220
Restricted Reserves Appropriated from Profit	12	1.329.527	778.019
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss		42.177.926	41.253.735
<i>Revaluation and Remeasurement Gains</i>		44.338.657	44.410.998
<i>Defined Benefits Plan Remeasurement Losses</i>		(2.160.731)	(3.157.263)
Other Comprehensive Income or Expenses that will be Reclassified Subsequently to Profit or Loss		(2.151.400)	(1.846.665)
Foreing Currency Translation Differences		(2.151.400)	(1.846.665)
Accumulated Losses		6.819.850	(2.823.070)
Net Profit / (Loss) for the Period		(11.971.605)	10.122.087
Non-Controlling Interests		36.143	36.193
TOTAL LIABILITIES		312.480.958	271.498.253

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 2020

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

	Notes	Reviewed 1 January- 30 June 2020	Unreviewed 1 April- 30 June 2020	Reviewed 1 January- 30 June 2019	Unreviewed 1 April- 30 June 2019
PROFIT AND LOSS					
Revenue	13	115.990.588	52.392.585	106.462.398	53.377.880
Cost of sales (-)	13	(88.068.882)	(39.140.096)	(74.559.095)	(35.398.576)
GROSS PROFIT		27.921.706	13.252.489	31.903.303	17.979.304
General Administrative expenses (-)	14	(10.129.067)	(4.851.436)	(8.913.349)	(4.638.619)
Marketing expenses (-)	14	(11.363.684)	(5.975.406)	(10.929.318)	(5.997.621)
Other income from operating activities	15	11.158.580	4.583.918	9.715.725	3.166.564
Other expenses from operating activities (-)	15	(5.299.985)	(2.658.266)	(5.976.093)	(3.527.677)
OPERATING PROFIT		12.287.550	4.351.299	15.800.268	6.981.951
Income from investing activities		21.042	(108.837)	769.690	759.877
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		12.308.592	4.242.462	16.569.958	7.741.828
Financial expenses	16	(27.470.298)	(13.459.831)	(14.063.360)	(4.514.455)
PROFIT / (LOSS) BEFORE TAX		(15.161.706)	(9.217.369)	2.506.598	3.227.373
Tax Income / (Expense)		3.190.107	2.789.954	(182.150)	(442.551)
Period tax expense	17	(14.329)	6.361	(944.087)	(835.259)
Deferred Tax Income	17	3.204.436	2.783.593	761.937	392.708
PROFIT / (LOSS) FOR THE PERIOD		(11.971.599)	(6.427.415)	2.324.448	2.784.822
Profit / (Loss) for the Period Attributable to					
Non-controlling interests		6	(20)	110	62
Equity holders of the parent company		(11.971.605)	(6.427.395)	2.324.338	2.784.760
		(11.971.599)	(6.427.415)	2.324.448	2.784.822
Profit / (Loss) Per Share	18	(0,0072)	(0,0039)	0,0014	0,0017
Other Comprehensive Income;					
Other Comprehensive Income or Expenses that will not be					
Reclassified Subsequently to Profit or Loss					
Actuarial gain / (loss) on defined retirement benefit plans		996.532	1.614.417	(173.921)	54.658
Tax (expense) / income on other comprehensive income items		1.245.665	2.018.021	(217.401)	68.323
		(249.133)	(403.604)	43.480	(13.665)
Other Comprehensive Income or Expenses that will be					
Reclassified Subsequently to Profit or Loss					
Foreing currency translation differences		(304.735)	(147.842)	(302.510)	(195.789)
		(304.735)	(147.842)	(302.510)	(195.789)
Other Comprehensive Income / (Expense)		691.797	1.466.575	(476.431)	(141.131)
Total Comprehensive Income / (Expense)		(11.279.802)	(4.960.840)	1.848.017	2.643.691
Total Comprehensive Income / (Expense) Distribution					
Non-controlling interests		(50)	(44)	63	(45)
Equity holders of the parent company		(11.279.752)	(4.960.796)	1.847.954	2.643.736

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 2020

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

	Share Capital	Share Capital Restatement Differences	Share Premium	Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		Foreign Currency Translation Differences	Restricted Reserves Appropriated from Profit	Accumulated Losses		Equity Attributable to Parent of the Company	Non-controlling Interests	Total Equity
				Revaluation and Remeasurement Gain/Loss	Defined Benefit Plans Remeasurement Loss			Accumulated Losses	Net Profit / (Loss) for the Period			
Balance as at 1 January 2020	16.575.788	6.436.501	5.220	44.410.998	(3.157.263)	(1.846.665)	778.019	(2.823.070)	10.122.087	70.501.615	36.193	70.537.808
Transfers	-	-	-	-	-	-	551.508	9.570.579	(10.122.087)	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial Loss on Defined Retirement Benefit Plans	-	-	-	-	996.532	-	-	-	-	996.532	-	996.532
- Amortization Reclassification of Revaluation Gains	-	-	-	(72.341)	-	-	-	72.341	-	-	(50)	(50)
- Foreign currency translation differences	-	-	-	-	-	(304.735)	-	-	-	(304.735)	-	(304.735)
- Net profit for the period	-	-	-	-	-	-	-	-	(11.971.605)	(11.971.605)	-	(11.971.605)
Balance as at 30 June 2020	16.575.788	6.436.501	5.220	44.338.657	(2.160.731)	(2.151.400)	1.329.527	6.819.850	(11.971.605)	59.221.807	36.143	59.257.950

	Share Capital	Share Capital Restatement Differences	Share Premium	Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		Foreign Currency Translation Differences	Restricted Reserves Appropriated from Profit	Accumulated Losses		Equity Attributable to Parent of the Company	Non-controlling Interests	Total Equity
				Revaluation and Remeasurement Gain/Loss	Defined Benefit Plans Remeasurement Loss			Accumulated Losses	Net Profit / (Loss) for the Period			
Balance as at 1 January 2019 (Restated)	16.575.788	6.436.501	5.220	44.555.690	(1.595.764)	(1.306.790)	325.455	(16.936.903)	14.421.705	62.480.902	36.070	62.516.972
Transfers	-	-	-	-	-	-	452.565	13.969.140	(14.421.705)	(0)	-	(0)
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial Loss on Defined Retirement Benefit Plans	-	-	-	-	(173.921)	-	-	-	-	(173.921)	-	(173.921)
- Amortization Reclassification of Revaluation Gains	-	-	-	(72.346)	-	-	-	72.346	-	-	52	52
- Foreign currency translation differences	-	-	-	-	-	(302.510)	-	-	-	(302.510)	-	(302.510)
- Net profit for the period	-	-	-	-	-	-	-	-	2.324.338	2.324.338	-	2.324.338
Balance as at 30 June 2019	16.575.788	6.436.501	5.220	44.483.344	(1.769.685)	(1.609.300)	778.020	(2.895.417)	2.324.338	64.328.809	36.122	64.364.931

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 2020

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

	Notes	Reviewed 1 January- 30 June 2020	Reviewed 1 January- 30 June 2019
A. Cash flow from operating activities			
Net Profit / (Loss) for the period		(11.971.599)	2.324.448
- Adjustments related to depreciation and amortization	8,9	7.482.632	4.606.442
- Adjustments related to gain/(loss) on sale of property, plant and equipment		(21.042)	(769.690)
- Adjustments related to provision for employment termination benefits		1.261.471	962.858
- Adjustments related to other provisions		28.126	(1.183.962)
- Adjustments related to provision for unused vacation		164.580	314.629
- Adjustments related to bonus provisions		913.500	833.096
- Adjustments related to provision for doubtful receivables	6	30.618	(6.585)
- Adjustments related to allowance for impairment of inventory	7	967.837	717.717
- Adjustments related to tax income		(3.190.107)	182.150
- Adjustments related to interest income		(156.116)	(205.767)
- Adjustments related to interest expense		4.343.361	2.303.400
- Adjustments related to financial leasing foreign currency translation differences		22.278.682	9.288.291
Total adjustment to net profit for the period		22.131.943	19.367.027
Changes in working capital			
- Changes in trade receivables		(5.854.090)	7.474.434
- Changes in inventories		(14.573.162)	(16.398.610)
- Changes in other receivables and assets		(5.856.701)	(6.747.161)
- Changes in trade payables		8.732.340	3.732.789
- Changes in payables to related parties		(635.399)	(938.754)
- Changes in payables related to employee benefits		552.270	781.605
- Changes in other payables and liabilities		1.687.865	7.271.660
		6.185.066	14.542.990
- Royalty paid		(12.317)	-
- Premium paid		(1.135.507)	(2.073.424)
- Interest received		156.116	205.767
- Termination benefits paid		(664.214)	(262.539)
- Tax paid		(515.759)	(2.787.310)
Net cash generated from operating activities		4.013.385	9.625.484

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 2020

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

	Reviewed 1 January- 30 June 2020	Reviewed 1 January- 30 June 2019
Notes		
B. Cash flow from investing activities		
- Proceeds from sales of property, plant and equipment	55.587	775.918
- Payments for the purchase of property, plant and equipment	(4.827.160)	(5.854.243)
- Payments for the purchase of intangible assets	(551.209)	(325.426)
- Advances paid for purchase of property, plant and equipment	(289.160)	-
	(5.611.942)	(5.403.751)
C. Cash flow from financing activities		
- Proceeds from loans	21.286.051	34.725.935
- Loan repayments	(21.205.418)	(38.813.086)
- Payments of lease liabilities	(11.545.377)	(3.229.589)
- Interest paid	(2.623.444)	(2.053.906)
- Change in other financial liabilities	317.188	(166.740)
	(13.771.000)	(9.537.386)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)	(15.369.557)	(5.315.653)
D.EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(304.735)	(302.510)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(15.674.292)	(5.618.163)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	25.482.545	9.885.694
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	9.808.253	4.267.531

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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 2020

(Amounts are expressed in Turkish Lira (TRY) 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 to 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. Of its Subsidiaries, Dudo İthalat ve İhracat Pazarlama A.Ş. is located in Turkey and Dudo UK Ltd. is located in United Kingdom.

The Company is registered with the Capital Market Board (CMB) and its shares are traded at Istanbul Stock Exchange Market.

Total number of personnel employed at Group as of 30 June 2020 is 295 (31 December 2019: 276).

Major shareholders of the Company are LGR International Societe Anonyme (30,00%), Dikran Mihran Acemyan (9,76%), İbrahim Okan Duran (7,95%), Oktay Duran (8,30%) and Dikran Acemyan (6,85%).

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 2020. 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 2020

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

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The condensed consolidated financial statements attached are prepared 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. It was also presented in accordance with the TAS taxonomy published by the POA on June 2, 2016 with the decision numbered 30 and published to public, as updated "2019 TFRS", on 15 April 2019 with the amendmends on TFRS-16 Leases and TFRS-15 Customer Contracts Revenue standards.

The condensed consolidated financial statements have been prepared on the historical cost basis except for revaluation of lands and buildings. 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 subsidiary maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”) and accounting principles defined by tax legislation.

The CMB has permitted publicly traded companies to apply the full set or condensed presentation of interim financial statements in accordance with TMS 34 "Interim Financial Statements". Accordingly, the Group has preferred to prepare the condensed presentation of the financial statements at the interim period end as of 30 June 2020.

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 2019 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 2019, except their effects.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira (TRY) 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 to 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.

Basis of Consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to variable interests due to its relationship with the entity or has a right on these interests and at the same time has an opportunity to influence these interests with its power on the entity which it invests on. The financial statements of subsidiaries are included in the Consolidated Financial Statements as of the date on which control commenced.

The amounts corresponding to the non-controlling share of the net assets of the consolidated subsidiary are determined separately from the amount corresponding to the main partnership. The amounts attributable to non-controlling interests in the net assets consist of non-controlling interests at the date of the business combination and subsequent non-controlling interests in changes in equity after the date of the business combination. Any portion of profit or loss and other comprehensive income is transferred to the parent shareholders and non-controlling interests. Even if the entity has a negative balance in the non-controlling interests, the total comprehensive income is transferred to the parent shareholders and non-controlling interests.

As of June 30, 2020 and December 31, 2019, the Company's consolidated subsidiary ("Subsidiary"), its core business and share of direct and indirect capital are as follows:

	30 June 2020		31 December 2019		
	Direct Ownership	Indirect Ownership	Direct Ownership	Indirect Ownership	
Subsidiaries	%	%	%	%	Business Activity
Dudo İthalat ve İhracat Pazarlama A.Ş.	99,92	99,92	99,92	99,92	Purchase and sale of printed and unprinted cardboard boxes and
Dudo UK Ltd.	100,00	100,00	100,00	100,00	boxes

Adjustments in Consolidation:

The financial statements and the profit or loss statements of the companies included in the consolidation have been consolidated by using the full consolidation method and their shares in equity have been netted off against the recorded value in the Company's assets. Portions of the net assets of the subsidiaries that are not directly and / or indirectly controlled by the parent company are classified in the Consolidated Statement of Financial Position as "Non-controlling Interests".

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

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

2.1 Basis of Presentation (cont'd)

Portions of subsidiaries' net period profit or loss that are not included in the direct and / or indirect control of the parent company are classified as "Non-controlling share" in the consolidated income statement. In-group transactions and transactions between companies included in the consolidation are eliminated. Profits and losses arising from transactions between one of the Group companies and an associate or a joint venture of the Group are eliminated at the rate of the Group's interest in the relevant subsidiary / joint venture.

2.2 Changes in Turkish Financial Reporting Standards (TFRS)

The Group has applied, in current year, the amendments and interpretations, which have impact on the financial statements of the Group, published by Turkish Accounting Standards Board (TASB) and TASB's Turkish Financial Reporting Interpretations Committee (TFRIC) and effective for the periods of the year starting at 1 January 2020.

The new standards, amendments and interpretations which are effective as at January 1, 2019

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendments did not have a significant impact on the financial position or performance of the Group.

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

2.2 Changes in Turkish Financial Reporting Standards (TFRS) (cont'd)

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

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

2.2 Changes in Turkish Financial Reporting Standards (TFRS) (cont'd)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018). The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

2.2 Changes in Turkish Financial Reporting Standards (TFRS) (cont'd)

ii) Standards issued but not yet effective and not early adopted (cont'd)

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

2.2 Changes in Turkish Financial Reporting Standards (TFRS) (cont'd)

ii) Standards issued but not yet effective and not early adopted (cont'd)

Annual Improvements – 2018–2020 Cycle (cont'd)

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2.2 The effects of Covid-19 on the interim condensed consolidated financial statements

The necessary actions have been taken by the Group management to limit the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial position. The Group does not expect any negative impact due to the epidemic on its operations and financial position in the future.

3. BUSINESS COMBINATIONS

The Group does not have any business combinations to be assessed under TFRS 3.

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, America, Middle East and Africa and Asia Pacific.

1 January - 30 June 2020							
	Turkey	Europe	America	Middle East and Africa	Asia Pacific	Other	Total
Gross Sales	66.060.930	41.564.487	1.954.747	3.560.235	1.832.574	1.599.165	116.572.138

1 January - 30 June 2019							
	Turkey	Europe	America	Middle East and Africa	Asia Pacific	Other	Total
Gross Sales	50.338.182	44.583.939	5.855.990	1.929.918	2.770.263	2.118.485	107.596.777

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5. RELATED PARTY DISCLOSURES

a) Receivables from and payables to related parties:

	30 June 2020				
	Receivables	Receivables	Payables	Payables	Payables
	Short Term	Short Term	Short Term	Short Term	Long Term
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Balances with Related Parties					
<u>Company</u>					
LGR International Societe Anonyme (*)	-	-	722.880	15.648.931	-
Koenig Bauer Duran Amb.Kar.Tek.San.	-	-	-	40.272	-
Durkat Karton Amb.Tekn.San.Tic.A.ş.	-	-	-	21.758	-
	-	-	722.880	15.710.961	-
	31 December 2019				
	Receivable	Receivable	Liabilities	Liabilities	Liabilities
	Short Term	Short Term	Short Term	Short Term	Long Term
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Balances with related parties					
<u>Other companies managed by main shareholder</u>					
LGR International Societe Anonyme (*)	-	-	1.358.279	200.626	13.301.200
Koenig Bauer Duran Amb.Kar.Tek.San.	-	-	-	31.837	-
Durkat Karton Amb.Tekn.San.Tic.A.ş.	-	-	-	21.758	-
	-	-	1.358.279	254.221	13.301.200

(*) Short 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 2021 and an interest rate of 3% + 12-Month EURIBOR. Interest will not be charged to the trade payables and receivables from related parties.

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5. RELATED PARTY DISCLOSURES (cont'd)

b) Transactions with related parties:

	1 January - 30 June 2020		
<u>Transactions with Related Parties</u>	<u>Goods and Services Purchased</u>	<u>Goods and Services Sold</u>	<u>Interest Expense</u>
<u>Other Companies Managed by the Parent Company</u>			
LGR International Societe Anonyme (*)	740.632	-	232.531
Koenig Bauer Duran Amb.Kar.Tek.San.	283.332	-	-
	<u>1.023.964</u>	<u>-</u>	<u>232.531</u>
	1 January - 30 June 2019		
<u>Transactions with Related Parties</u>	<u>Goods and Services Purchased</u>	<u>Goods and Services Sold</u>	<u>Interest Expense</u>
<u>Other Companies Managed by the Parent Company</u>			
LGR International Societe Anonyme (*)	620.364	-	197.613
Lgr Emballages S.A.S.	-	9.897	-
Durkat Karton Amb.Tekn.San.Tic.A.Ş.	4.150.282	802.979	
Koenig Bauer Duran Amb.Kar.Tek.San.	100.187		
	<u>4.870.833</u>	<u>812.876</u>	<u>197.613</u>

(*) LGR International S.A.S, has been billing consulting fee to the Company for 0,5% of the Company's monthly sales for consulting services provided to the Company.

c) The Chairman, Vice Chairman, Other Board Members, General Manager, Assistant General Manager and Financial Affairs Coordinator are included in the scope of benefits provided to top level managers. As of June 30, 2020, the total amount of benefit provided is TRY 3.805.493 (June 30, 2019: TRY 3.817.205).

	1 January- 30 June 2020	1 January- 30 June 2019
Wage	2.024.850	2.000.625
Performance Premium	1.244.400	287.500
Bonus	322.750	1.351.209
Attendance Fee	201.600	168.000
Other Short Term Benefits	11.893	9.871
	<u>3.805.493</u>	<u>3.817.205</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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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 2020	31 December 2019
<u>Short term trade receivables</u>		
Trade Receivables	53.978.772	51.934.182
Notes Receivable	5.610.877	1.801.377
Provision for doubtful receivables (-)	(603.797)	(573.179)
	<u>58.985.852</u>	<u>53.162.380</u>

Average maturity days of trade receivables are 90 days for domestic costumers (31 December 2019: 90 days), 120 days for foreign customers (31 December 2019: 120 days). As of 30 June 2020, provision for doubtful receivables is amounting to TRY 603.797 (31 December 2019: TRY 573.179).

The Group has provided provision for doubtful receivables for non-collectible receivables. The provision for doubtful receivables has been determined based on past experience of non-collection. When the Group decides that its receivables can not be collected, it assesses whether there is a change in the credit quality of receivables until the date of the first report.

The Group management believes that there is no need for more provision than the provision for doubtful receivables in the accompanying financial statements.

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

	1 January- 30 June 2020	1 January- 30 June 2019
<u>Movement of provisions for doubtful receivables</u>		
Opening balance	573.179	201.915
Charge for the period	30.618	(6.585)
Closing balance	<u>603.797</u>	<u>195.330</u>

The guarantees for trade receivables of the Group are as follows:

	30 June 2020	31 December 2019
<u>Short term trade receivables</u>		
Insurance for trade receivables	11.217.856	9.925.549
	<u>11.217.856</u>	<u>9.925.549</u>

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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 2020	31 December 2019
<u>Short term trade payables</u>		
Trade payables	33.357.038	24.020.229
Expense accruals	292.419	896.888
Trade payables to related parties (Not 5)	722.880	1.358.279
	<u>34.372.337</u>	<u>26.275.396</u>

Average maturity days of payables for raw material purchases is 47 days. (31 December 2019: 62 days).

7. INVENTORIES

Inventories are evaluated at their cost value, and provision is booked for impaired inventories.

	30 June 2020	31 December 2019
Raw materials	27.482.139	19.752.798
Finished goods	33.256.695	27.177.363
Work in progress	5.291.078	5.198.623
Provision for impairment of inventories (-)	(967.837)	(672.034)
	<u>65.062.075</u>	<u>51.456.750</u>

Movements in provision for impairment on inventory during interim periods ending at 30 June 2020 and 2019 are as follow:

	1 January- 30 June 2020	1 January- 30 June 2019
<u>Movement of provision of impairment of inventory</u>		
Opening balance	(672.034)	(717.925)
Provisions released	672.034	717.925
Charge for the period	(967.837)	(717.717)
Closing balance	<u>(967.837)</u>	<u>(717.717)</u>

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

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8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Land	Buildings	Machinery, plant and devices	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
<u>Cost & Revaluation Value</u>								
Opening balance at 1 January 2020	-	-	77.918.584	80.508	12.199.476	157.584	3.540.701	93.896.853
Transfer from construction in progress	-	-	583.415	-	314.844	(1.415.167)	516.908	-
Additions	-	-	596.264	-	1.934.868	2.279.978	16.050	4.827.160
Disposals	-	-	-	-	(195.267)	-	-	(195.267)
Closing balance at 30 June 2020	-	-	79.098.263	80.508	14.253.921	1.022.395	4.073.659	98.528.746
<u>Accumulated depreciation</u>								
Opening balance at 1 January 2020	-	-	39.432.252	33.546	8.792.706	-	2.213.199	50.471.703
Charge for the period	-	-	3.259.674	8.051	622.957	-	224.007	4.114.689
Disposals	-	-	-	-	(160.722)	-	-	(160.722)
Closing balance at 30 June 2020	-	-	42.691.926	41.597	9.254.941	-	2.437.206	54.425.670
Net book value at 30 June 2020	-	-	36.406.337	38.911	4.998.980	1.022.395	1.636.453	44.103.076

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8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (cont'd)

	Land and Parcels	Buildings	Plant, Machinery and Equipments	Vehicles	Furniture and Fixtures	Construction in Progress	Leasehold Improvements	Total
<u>Cost and Revaluated Value</u>								
Opening balance as at 1 January 2019	47.826.000	22.898.915	81.779.098	80.508	11.184.662	756.298	3.001.788	167.527.269
Transfers	-	-	317.411	-	-	(824.245)	374.556	(132.278)
Additions	-	-	4.370.652	-	705.620	690.811	87.160	5.854.243
Disposals	-	(4.554)	(454.589)	-	(66.464)	-	(15.926)	(541.532)
Closing balance as at 30 June 2019	<u>47.826.000</u>	<u>22.894.361</u>	<u>86.012.572</u>	<u>80.508</u>	<u>11.823.818</u>	<u>622.864</u>	<u>3.447.578</u>	<u>172.707.702</u>
<u>Accumulated Amortization</u>								
Opening balance as at 1 January 2019	8.112	2.701.916	36.364.501	17.444	8.008.776	-	1.868.069	48.968.816
Period Charge	-	247.820	3.506.074	8.051	448.666	-	163.089	4.373.700
Disposals	-	(4.554)	(443.102)	-	(71.721)	-	(15.926)	(535.304)
Closing balance as at 30 June 2019	<u>8.112</u>	<u>2.945.181</u>	<u>39.427.473</u>	<u>25.494</u>	<u>8.385.721</u>	<u>-</u>	<u>2.015.232</u>	<u>52.807.212</u>
Net Book Value as at 30 June 2019	<u>47.817.888</u>	<u>19.949.180</u>	<u>46.585.100</u>	<u>55.014</u>	<u>3.438.097</u>	<u>622.864</u>	<u>1.432.346</u>	<u>119.900.489</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 2020

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

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (cont'd)

Cost	Machinery, plant and devices				Construction in progress (*)	Total
	Land	Buildings	Vehicles			
Opening balance at 1 January 2020	47.826.000	28.187.639	2.191.670	9.641.012	-	87.846.321
Additions	-	5.282.399	809.263	22.163.365	3.075.456	31.330.483
Disposals	-	-	(325.701)	-	-	(325.701)
Closing balance at 30 June 2020	47.826.000	33.470.038	2.675.232	31.804.377	3.075.456	118.851.103
Accumulated depreciation						
Opening balance at 1 January 2020	(8.112)	(4.518.821)	(795.043)	(1.010.649)	-	(6.332.625)
Charge for the period	-	(1.342.984)	(477.813)	(1.120.993)	-	(2.941.790)
Disposals	-	-	248.253	-	-	248.253
Closing balance at 30 June 2020	(8.112)	(5.861.805)	(1.024.603)	(2.131.642)	-	(9.026.162)
Net book value at 30 June 2020	47.817.888	27.608.233	1.650.629	29.672.735	3.075.456	109.824.941

(*) The Group reports the right of use assets that are not ready to use, acquired through financial leasing, in construction in progress.

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, 1A Gayrimenkul Değerleme ve Danışmanlık A.Ş. on December 18, 2018. 1A 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 2020 are as follows. The accumulated depreciation as of 30 June 2020 has been deducted from the fair values realized as a result of the last revaluation carried out on 18 December 2018, and reflected in the statement of financial position.

	Fair value as at Reporting Date			
	30 June	Level 1	Level 2	Level 3
	2020	TRY	TRY	TRY
Located in Hadımköy Facility:				
-Land	47.826.000	-	47.826.000	-
-Building	22.898.916	-	22.898.916	-

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

	Useful life
Underground and overland plants	10-50
Buildings	5-50
Machinery, plant and devices	4-20
Motor vehicles	5
Furniture and fixtures	4-20
Leasehold improvement	5-9

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9. INTANGIBLE ASSETS

<u>Cost</u>	<u>Rights</u>	<u>Capitalized development expenses</u>	<u>Total</u>
Opening balance at 1 January 2020	6.232.928	262.956	6.495.884
Additions	463.353	87.856	551.209
Closing balance at 30 June 2020	6.696.281	350.812	7.047.093
<u>Accumulated amortization</u>			
Opening balance at 1 January 2020	3.369.734	197.603	3.567.337
Charge for the period	418.126	8.027	426.153
Closing balance at 30 June 2020	3.787.860	205.630	3.993.490
Net book value at 30 June 2020	2.908.421	145.182	3.053.603
<u>Cost Value</u>	<u>Rights</u>	<u>Capitalized development expenses</u>	<u>Total</u>
Opening balance as at 1 January 2019	4.543.606	191.956	4.735.562
Transfers	103.235	-	103.235
Additions	254.426	71.000	325.426
Closing balance as at 30 June 2019	4.901.268	262.956	5.164.223
<u>Accumulated Depreciation</u>			
Opening balance as at 1 January 2019	2.864.313	114.568	2.978.881
Period Charge	227.874	4.869	232.743
Closing balance as at 30 June 2019	3.092.187	119.437	3.211.624
Net Book Value as at 30 June 2019	1.809.081	143.519	1.952.600

Depreciation and amortization expense amounted at TRY 6.687.952 (2019: TRY 4.257.825) has been charged in “cost of goods sold”, TRY 900 (2019: TRY 900) in “the idle capacity expense in the cost of goods sold”, TRY 134.330 (2019: TRY 71.958) in “marketing and sales expenses” and TRY 659.450 (2019: TRY 189.368) in “general administrative expenses”.

Useful lives of intangible assets are as follow:

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

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10. PREPAID EXPENSES, DEFERRED REVENUE AND OTHER ASSETS AND LIABILITIES

a) Prepaid expenses

	30 June 2020	31 December 2019
<u>Short term prepaid expenses</u>		
Advances given to purchase inventory	2.323.246	1.587.802
Prepaid expenses	2.256.464	1.047.924
Business advances	4.500	4.500
	<u>4.584.210</u>	<u>2.640.226</u>
	30 June 2020	31 December 2019
<u>Long term prepaid expenses</u>		
Advances given to purchase fixed asset	5.245.693	5.419.928
Prepaid expenses	505.776	42.381
	<u>5.751.469</u>	<u>5.462.309</u>

b) Deferred revenue

	30 June 2020	31 December 2019
<u>Short term deferred income</u>		
Advances received	1.645.488	404.788
Deferred income	2.260.885	1.323.017
	<u>3.906.373</u>	<u>1.727.805</u>
	30 June 2020	31 December 2019
<u>Long term deferred income</u>		
Deferred income	9.363	65.539
	<u>9.363</u>	<u>65.539</u>

c) Other assets and liabilities

Other current assets

	30 June 2020	31 December 2019
VAT refund receivables	6.563.044	1.332.551
	<u>6.563.044</u>	<u>1.332.551</u>

Financial investments

	30 June 2020	31 December 2019
Restricted bank balances (*)	235.990	1.634.115
	<u>235.990</u>	<u>1.634.115</u>

(*) Because of the nature of the loans borrowed, 3,75% - 4,50% of the loan amount is blocked in a deposit account on behalf of the entity till the due date of the loans.

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10. PREPAID EXPENSES, DEFERRED REVENUE AND OTHER ASSETS AND LIABILITIES (cont'd)

a) Other assets and liabilities (cont'd)

Other current liabilities

	30 June 2020	31 December 2019
Taxes and funds payable	907.394	1.410.457
	<u>907.394</u>	<u>1.410.457</u>

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

30 June 2020	TRY Equivalent	GBP	EUR	USD	TRY
A. Total amount of GPM given on behalf of the Entity	117.093.338	4.751.000	9.895.000	-	778.321
B. Total amount of GPM given 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 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 in behalf of third parties not included in C item	-	-	-	-	-
Total	<u>117.093.338</u>	<u>4.751.000</u>	<u>9.895.000</u>	<u>-</u>	<u>778.321</u>
31 December 2019	TRY Equivalent	GBP	EUR	USD	TRY
A. Total amount of GPM given on behalf of the Entity	102.903.709	4.696.000	9.895.000	-	577.578
B. Total amount of GPM given 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 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 in behalf of third parties not included in C item	-	-	-	-	-
Total	<u>102.903.709</u>	<u>4.696.000</u>	<u>9.895.000</u>	<u>-</u>	<u>577.578</u>

As of 30 June 2020, the total amount of guarantees given for the total open bank borrowings is TRY 117.093.338. TRY 45.399.577 consists of letters of guarantee and the remaining TRY 71.693.761 consists of pledges provided by the Group to European Bank for Reconstruction and Development (EBRD) and Sudwestbank A.G. (31 December 2019: TRY 41.718.189 letter of guarantee, TRY 61.185.520 personal surety).

As of 30 June 2020, the rate of other GPM's given by Group to owner's equity is 0% (31 December 2019: 0%).

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12. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 30 June 2020 and 31 December 2019 the share capital structure is as follows:

Shareholders	%	30 June 2020	%	31 December 2019
LGR International Societe Anonyme	30,00%	4.972.737	31,84%	5.278.463
Dikran Mihran Acemyan	9,76%	1.617.436	9,76%	1.617.436
Oktay Duran	8,30%	1.376.296	8,30%	1.376.296
İbrahim Okan Duran	7,95%	1.318.179	7,95%	1.318.179
Dikran Acemyan	6,85%	1.134.710	6,85%	1.134.710
Other	37,14%	6.156.430	35,30%	5.850.704
		<u>100%</u>	<u>100%</u>	<u>16.575.788</u>

The total number of shares is 1.657.578.750 shares in 2020 (2019: 1.657.578.750) with a par value of Kr 1 per share (2019: Kr 1 per share).

b) Restricted Reserves Appropriated from Profit

	30 June 2020	31 December 2019
Legal Reserves	1.329.527	778.019
	<u>1.329.527</u>	<u>778.019</u>

According to the Turkish Commercial Code, the general legal reserve is appropriated at a rate of 5% per annum, up to 20% of the paid-up capital of the Group (the Company). The other legal reserves are allocated at a rate of 10% of the total amount to be distributed to the shareholders after paying the shareholders a dividend of five percent. According to the Turkish Commercial Code, general legal reserves can only be used to cover losses, to keep operating at a time when things are not going well, or to take measures to prevent unemployment and mitigate its consequences, if it does not exceed the half of the capital or issued capital.

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13. REVENUE AND COST OF SALES

Details of revenue and cost of sales for periods ended 30 June 2020 and 2019 are as follows:

a) Sales	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Domestic sales	66.060.930	30.208.556	50.338.182	22.147.956
Foreign sales	50.511.208	22.433.427	57.258.595	31.769.899
Sales returns (-)	(532.639)	(210.069)	(389.928)	109.185
Sales discounts (-)	(48.911)	(39.329)	(744.451)	(649.160)
	<u>115.990.588</u>	<u>52.392.585</u>	<u>106.462.398</u>	<u>53.377.880</u>
b) Cost of sales	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Raw materials used	55.387.164	26.293.943	47.478.043	22.082.743
Personnel expenses	12.617.781	6.210.335	10.683.973	5.384.368
Overhead expenses	9.590.014	4.464.786	10.369.770	5.359.851
Depreciation and amortization expenses (Note 8, 9)	6.687.952	3.754.877	4.257.825	2.176.926
Change in finished goods	2.018.001	(2.379.163)	(964.944)	(1.070.960)
Cost of goods sold	<u>86.300.912</u>	<u>38.344.778</u>	<u>71.824.666</u>	<u>33.932.928</u>
Cost of merchandises sold	432.397	172.387	578.470	191.867
Cost of other sales	1.334.673	622.931	2.155.060	1.273.781
Idle capacity expenses	900	-	900	-
	<u>88.068.882</u>	<u>39.140.096</u>	<u>74.559.095</u>	<u>35.398.576</u>

14. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
General administrative expenses	10.129.067	4.851.436	8.913.349	4.638.619
Marketing expenses	<u>11.363.684</u>	<u>5.975.406</u>	<u>10.929.318</u>	<u>5.997.621</u>
	<u>21.492.751</u>	<u>10.826.842</u>	<u>19.842.667</u>	<u>10.636.240</u>

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14. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES (cont'd)

Details of administrative expenses and marketing expenses for the periods ended 30 June 2020 and 2019 are as follows:

a) Details of General Administrative Expenses	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Personnel expenses	6.893.422	3.216.647	5.715.355	2.959.918
Consulting expenses	695.623	353.074	620.364	326.050
Depreciation and amortization expenses (Note 8, 9)	659.450	360.062	189.368	106.797
Financial and legal consulting expenses	571.933	288.593	600.555	317.663
Information technologies expenses	381.923	210.663	460.926	194.696
Motor vehicle expenses	29.598	12.299	331.890	168.641
Subscription expenses	79.518	26.617	85.312	36.131
Travelling expenses	68.695	358	124.991	71.199
Representation hospitality expenses	35.399	35.399	135.429	124.454
Other expenses	713.506	347.724	649.159	333.070
	<u>10.129.067</u>	<u>4.851.436</u>	<u>8.913.349</u>	<u>4.638.619</u>
b) Details of marketing expenses	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Foreign transportation expenses	5.108.481	2.794.944	5.566.063	3.093.065
Foreign marketing and logistics expenses	2.330.789	1.295.451	1.898.534	1.076.448
Personnel expenses	1.211.664	552.251	1.054.208	476.448
Domestic transportation expenses	1.172.289	548.826	873.414	383.895
Export commission expenses	687.535	420.143	340.183	199.512
Depreciation and amortization expenses (Note 8, 9)	134.330	56.974	71.958	36.927
Communication and transportation expenses	76.324	45.879	172.775	108.916
Travelling expenses	67.241	303	120.108	79.495
Motor vehicle expenses	31.702	10.348	125.325	64.849
Other expenses	543.329	250.287	706.750	478.066
	<u>11.363.684</u>	<u>5.975.406</u>	<u>10.929.318</u>	<u>5.997.621</u>

15. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other incomes from operating activities for the years ended 30 June 2020 and 2019 are as follows:

Other Income from Operating Activities

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Foreign exchange gains from operations	9.841.637	3.932.196	8.693.078	2.462.812
Interest income from time deposits	156.116	62.700	205.767	71.397
Other income	<u>1.160.827</u>	<u>589.022</u>	<u>816.880</u>	<u>632.355</u>
	<u>11.158.580</u>	<u>4.583.918</u>	<u>9.715.725</u>	<u>3.166.564</u>

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15. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (cont'd)

The details of other expenses from operating activities for the years ended 30 June 2020 and 2019 are as follow:

Other Expense from Operating Activities

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Foreign exchange losses from operations	5.235.877	2.646.308	5.475.733	3.009.396
Other expenses	64.108	11.958	500.360	518.281
	<u>5.299.985</u>	<u>2.658.266</u>	<u>5.976.093</u>	<u>3.527.677</u>

16. FINANCE INCOME / (EXPENSES)

Details of finance income and expense for the years ended 30 June 2020 and 2019 are as follows:

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Foreign exchange expenses / (income), (net)	21.453.488	9.772.254	10.164.150	2.420.214
Interest expenses	4.343.361	2.764.644	2.303.400	1.281.257
Lease interest expenses	1.328.371	747.816	1.198.608	604.468
Other finance expenses	345.078	175.117	397.202	208.516
	<u>27.470.298</u>	<u>13.459.831</u>	<u>14.063.360</u>	<u>4.514.455</u>

17. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	1 January- 30 June 2020	1 January- 30 June 2019
<u>Tax expense consists of below:</u>		
Current tax expense	14.329	944.087
Deferred tax expense / (income)	(3.204.436)	(761.937)
	<u>(3.190.107)</u>	<u>182.150</u>

Corporate Tax

The Group is subject to Turkish corporate taxes. 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.

The rate of corporate tax that will be accrued over the taxable corporate income will be calculated upon the tax base that remains after adding expenses that can not be deducted from the tax base and deducting tax-exempt income, non-taxable income and other deductions (if available, any investment allowances deducted from past years losses and R&D discounts).

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

Corporate Tax (cont'd)

The corporate tax rate in Turkey as of 30 June 2020 is 22% (2019: 22%).

In Turkey, advance tax is calculated and accrued on a quarterly basis. The advance tax is calculated as 22% of the corporate earnings at the stage of taxation of corporate earnings as of the taxation period in 2020 (31 December 2019: 22%).

With the Law No. 7061 on "Amendments to Certain Tax Laws and Other Certain Laws" which was adopted on November 28, 2017, the provision that the 20% tax rate will be applied as 22% which is stated in the first paragraph of Article 32 of Corporate Tax Law No. 5520 is added as provisional article. In addition, the 75% portion of the taxable profits from the sale of immovable properties that are included in the assets of the institutions for at least two full years has been changed to 50%, which is stated in the same "Bag Law" and in the first paragraph of Article 5 of the Corporate Tax Law No. 5520 Law.

Therefore, the companies in Turkey calculate deferred tax assets and liabilities at the rate of 22% for the transactions which, in calculation of advance tax, has timing difference up to 2020, and at the rate of 22% and 20% for the transactions which has short-term effects and longer maturities, by taking into account the time dimension of the effect.

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.

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 is applied as 15% in all companies starting from 23 July 2006. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

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. After this date, 40% of investment incomes without incentive certificates directly related to the production activities of the companies can be deducted from taxable income. Tax incentives are not applied on investment incomes without incentive certificate.

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.

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

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base statutory financial statements and the financial statements prepared in accordance with TAS/TFRS. Such differences are generally recognized in different periods on the financial tables of the consolidated financial statements prepared in accordance with TAS/TFRS and the basis amounts of certain income and expense items.

Since Turkish Tax Legislation does not allow the parent company and its subsidiaries to prepare a consolidated tax return, tax provisions are separately calculated for each entity, as reflected in the accompanying financial statements. In this context, deferred tax assets and liabilities of the consolidated companies in the accompanying consolidated financial statements are also presented separately without any netting.

<u>Temporary timing differences taken as a basis for deferred tax</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
- Depreciation and amortization differences of property, plant and equipment and intangible assets, foreign exchange and interest expenses and revaluation differences	(51.407.094)	(49.604.262)
- Inventory profit margin elimination adjustment	17.198.823	8.763.904
- Provision for employment termination benefits	7.313.051	8.232.889
- Unused vacation pay accruals	783.984	645.279
- Period loss	6.175.714	-
- Provision for impairment of inventories	967.837	672.034
- Other	357.923	167.516
	<u>(18.609.762)</u>	<u>(31.122.640)</u>

<u>Deferred tax assets / (liabilities)</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
- Depreciation and amortization differences of property, plant and equipment and intangible assets, foreign exchange and interest expenses and revaluation differences	(5.794.992)	(5.635.563)
- Inventory profit margin elimination adjustment	3.783.741	1.928.059
- Provision for employment termination benefits	1.518.282	1.646.578
- Unused vacation pay accruals	161.972	129.056
- Provision for impairment of inventories	212.924	147.848
- Period loss	1.235.143	-
- Other	57.358	3.147
	<u>1.174.428</u>	<u>(1.780.875)</u>

	<u>30 June 2020</u>	<u>31 December 2019</u>
Deferred tax asset	4.022.853	2.054.685
Deferred tax liability	<u>(2.848.425)</u>	<u>(3.835.560)</u>
	<u>1.174.428</u>	<u>(1.780.875)</u>

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

	1 January- 30 June 2020	1 January- 30 June 2019
<u>Movement of deferred tax assets</u>		
Opening balance at 1 January	(1.780.875)	(2.560.310)
Charged to statement of profit and loss	3.204.436	749.575
Charged to equity	(249.133)	43.480
Closing balance as at 30 June	<u>1.174.428</u>	<u>(1.767.255)</u>

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

	1 January- 30 June 2020	1 January- 30 June 2019
<u>Reconciliation of taxation:</u>		
Operating profit / (loss) before tax	(15.161.706)	2.506.598
Income tax rate %22 (2019: %22)	3.335.575	(551.452)
Tax effect:		
- disallowable expenses	(107.079)	(87.482)
- accumulated loss used in current period	12.601	399.800
- other adjustment effects	(50.990)	56.984
Tax income / (expense) in the statement of profit or loss	<u>3.190.107</u>	<u>(182.150)</u>

18. EARNINGS / (LOSS) PER SHARE

The weighted average of the Company's shares and the loss per share calculations for the periods June 30, 2020 and 2019 are as follows:

	1 January- 30 June 2020	1 January- 30 June 2019
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	(11.971.605)	2.324.338
Profit / (Loss) per share	<u>(0,007222)</u>	<u>0,001402</u>

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19. FINANCIAL INSTRUMENTS

	30 June 2020	31 December 2019
Financial liabilities		
Short term bank loans	29.321.223	25.227.159
Short term portion of long term loans	21.479.333	15.440.229
Short term lease liabilities	21.037.449	11.405.288
Other financial liabilities	950.738	633.550
Total short term financial liabilities	72.788.743	52.706.226
Long term bank loans	59.211.948	56.468.300
Long term lease liabilities	51.392.490	32.229.777
Total long term financial liabilities	110.604.438	88.698.077
Total financial liabilities	183.393.181	141.404.303

Currency	Weighted average effective Interest Rate	30 June 2020	
		Short Term	Long Term
TRY	16,00%	5.188.888	-
EUR	2,36% - 3,25%	28.009.433	36.063.305
GBP	1,27% - 4,85%	17.545.426	18.680.328
USD	1,25%	56.809	4.468.315
Bank Loans		50.800.556	59.211.948

Currency	Weighted average effective Interest Rate	31 December 2019	
		Short Term	Long Term
TRY	14% - 25,14%	6.308.261	-
EUR	2,8% - 3,18%	17.278.990	35.510.138
GBP	1,5% - 4,98%	17.030.681	17.078.903
USD	1,25%	49.456	3.879.259
Bank Loans		40.667.388	56.468.300

Maturities of bank loans are as follows:

	30 June 2020	31 December 2019
Within 1 year	50.800.556	40.667.388
Within 1 - 2 years	25.365.931	19.479.843
Within 2 - 3 years	15.471.011	16.999.755
Within 3 - 4 years	9.877.312	8.654.185
Within 4 - 5 years	4.249.720	7.646.550
More than 5 years	4.247.974	3.687.967
Bank loans	110.012.504	97.135.688

As of 30 June 2020, the total amount of guarantees given for the total open bank borrowings is TRY 117.093.338. TRY 45.399.577 consists of letters of guarantee and the remaining TRY 71.693.761 consists of pledges provided by the Group to European Bank for Reconstruction and Development (EBRD) and Sudwestbank A.G. (31 December 2019: TRY 41.718.189 letter of guarantee, TRY 61.185.520 personal surety).

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19. FINANCIAL INSTRUMENTS (cont'd)

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 TRY 235.990 in bank accounts is blocked by a rate of 3,75% - 4,50% on the loan lent, until the maturity date (31 December 2019: TRY 1.634.115).

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Lease liabilities				
Within one year	25.250.824	14.380.445	21.037.449	11.405.288
In 2-10 years	56.523.204	35.882.653	51.392.490	32.229.777
	81.774.028	50.263.098	72.429.939	43.635.065
Less: Future finance charges	(9.344.089)	(6.628.033)		
Present value of lease liabilities	72.429.939	43.635.065		
Less: Amounts due to settlement within twelve months (disclosed in current liabilities)	(21.037.449)	(11.405.288)		
Amounts due for settlement after 12 months	51.392.490	32.229.777		

Currency	Weighted average effective Interest Rate	30 June 2020	
		Short Term	Long Term
USD	6,50%	9.231.094	21.317.834
EUR	6,80%	9.107.268	22.819.270
TRY	18,20%	2.699.087	7.255.386
Lease Liabilities		21.037.449	51.392.490

Currency	Weighted average effective Interest Rate	31 December 2019	
		Short Term	Long Term
USD	6,50%	7.070.703	22.839.435
EUR	6,80%	2.898.758	5.812.196
TRY	22,50%	1.435.827	3.578.146
Lease Liabilities		11.405.288	32.229.777

20. 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.

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:

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

Foreign currency risk management (cont'd)

30 June 2020	TRY Equivalent	USD	EUR	GBP	CHF	Other
1. Trade Receivables	24.486.918	698.182	1.714.463	753.741	-	81.972
2a. Monetary Financial Assets	8.598.169	177.268	247.364	647.340	360	11.584
2b. Non-monetary Financial Assets	2.050.173	-	265.973	-	-	-
3. Other	2.506.731	20.608	206.180	88.144	4.650	-
4. CURRENT ASSETS	37.641.991	896.058	2.433.980	1.489.225	5.010	93.556
5. Non-monetary Financial Assets	-	-	-	-	-	-
6. Other	243.445	35.580	-	-	-	-
7. NON-CURRENT ASSETS	243.445	35.580	-	-	-	-
8. TOTAL ASSETS	37.885.436	931.638	2.433.980	1.489.225	5.010	93.556
9. Trade Payables	10.025.593	107.728	957.521	226.263	103	-
10. Financial Liabilities	137.660.360	1.852.691	11.462.924	4.345.574	-	-
11. CURRENT LIABILITIES	147.685.953	1.960.419	12.420.445	4.571.837	103	-
12. Financial Liabilities	45.308.250	3.270.514	2.974.850	-	-	-
13. Monetary Other Liabilities	-	-	-	-	-	-
14. NON-CURRENT LIABILITIES	45.308.250	3.270.514	2.974.850	-	-	-
15. TOTAL LIABILITIES	192.994.203	5.230.933	15.395.295	4.571.837	103	-
16. TOTAL LIABILITIES	192.994.203	5.230.933	15.395.295	4.571.837	103	-
17. Net Foreign Currency Assets/ (Liabilities) Position (8-15)	(155.108.767)	(4.299.295)	(12.961.315)	(3.082.612)	4.907	93.556
18. Monetary Items Net Foreign Currency Assets / Liabilities	(157.158.940)	(4.299.295)	(13.227.288)	(3.082.612)	4.907	93.556

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

Foreign currency risk management (cont'd)

31 December 2019	TRY Equivalent	USD	EUR	GBP	CHF	Other
1. Trade Receivables	21.692.683	1.110.214	1.650.304	517.529	-	62.517
2a. Monetary Financial Assets	21.931.695	233.191	931.566	1.798.842	360	230.411
2b. Non-monetary Financial Assets	2.102.627	-	316.156	-	-	-
3. Other	2.250.114	18.800	69.650	213.743	2.142	-
4. CURRENT ASSETS	47.977.119	1.362.205	2.967.676	2.530.114	2.502	292.928
5. Non-monetary Financial Assets	-	-	-	-	-	-
6. Other	211.352	35.580	-	-	-	-
7. NON-CURRENT ASSETS	211.352	35.580	-	-	-	-
8. TOTAL ASSETS	48.188.471	1.397.785	2.967.676	2.530.114	2.502	292.928
9. Trade Payables	5.774.827	3.178	571.316	214.854	-	182.689
10. Financial Liabilities	100.273.395	1.760.236	8.376.335	4.386.239	-	-
11. CURRENT LIABILITIES	106.048.222	1.763.414	8.947.651	4.601.093	-	182.689
12. Financial Liabilities	41.932.552	3.841.479	2.873.936	-	-	-
13. Monetary Other Liabilities	-	-	-	-	-	-
14. NON-CURRENT LIABILITIES	41.932.552	3.841.479	2.873.936	-	-	-
15. TOTAL LIABILITIES	147.980.774	5.604.893	11.821.587	4.601.093	-	182.689
16. TOTAL LIABILITIES	147.980.774	5.604.893	11.821.587	4.601.093	-	182.689
17. Net Foreign Currency Assets/ (Liabilities) Position (8-15)	(99.792.303)	(4.207.108)	(8.853.911)	(2.070.979)	2.502	110.239
18. Monetary Items Net Foreign Currency Assets / Liabilities	(101.894.930)	(4.207.108)	(9.170.067)	(2.070.979)	2.502	110.239

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20. 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, Eur and British Pounds against TRY. 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 shows the effect of their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity.

	30 June 2020		31 December 2019	
	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	If USD appreciated against TRY by 10%			
1 - USD net assets / liabilities	(2.941.664)	2.941.664	(2.499.106)	2.499.106
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	(2.941.664)	2.941.664	(2.499.106)	2.499.106
	If EUR appreciated against TRY by 10%			
4 - Eur net assets / liabilities	(10.195.858)	10.195.858	(6.098.645)	6.098.645
5 - Part of hedged from Eur risk (-)	-	-	-	-
6- Eur net effect (4+5)	(10.195.858)	10.195.858	(6.098.645)	6.098.645
	If GBP appreciated against TRY by 10%			
7- GBP net assets / liabilities	(2.598.087)	2.598.087	(1.610.497)	1.610.497
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(2.598.087)	2.598.087	(1.610.497)	1.610.497
	If CHF appreciated against TRY by 10%			
10- CHF net assets / liabilities	3.541	(3.541)	1.525	(1.525)
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	3.541	(3.541)	1.525	(1.525)
	If Polish Zloty appreciated against TRY by 10%			
13- Polish Zloty net assets / liabilities	16.174	(16.174)	17.230	(17.230)
14- Part of hedged from Polish Zloty risk (-)	-	-	-	-
15- Polish Zloty net effect (13+14)	16.174	(16.174)	17.230	(17.230)
Total (3+6+9+12+15)	(15.715.894)	15.715.894	(10.189.493)	10.189.493

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21. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized costs	Book Value
<u>30 June 2020</u>			
<u>Financial Assets</u>			
Cash and cash equivalents	9.808.253	-	9.808.253
Trade receivables	58.985.852	-	58.985.852
Other receivables	485.592	-	485.592
Other current assets	235.990	-	235.990
<u>Financial Liabilities</u>			
Borrowings, lease liabilities and other financial liabilities	-	183.393.181	183.393.181
Trade payables	-	34.372.337	34.372.337
Other payables	-	15.963.938	15.963.938
	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized costs	Book Value
<u>31 December 2019</u>			
<u>Financial Assets</u>			
Cash and cash equivalents	25.482.545	-	25.482.545
Trade receivables	53.162.380	-	53.162.380
Other receivables	405.299	-	405.299
Other current assets	1.634.115	-	1.634.115
<u>Financial Liabilities</u>			
Borrowings, lease liabilities and other financial liabilities	-	141.404.303	141.404.303
Trade payables	-	26.275.396	26.275.396
Other payables	-	13.780.202	13.780.202

22. DISCLOSURES ON STATEMENT OF CASH FLOWS

	30 June 2020	31 December 2019
Cash	29.314	22.067
Cash at banks	9.788.743	25.478.303
<i>Demand deposits</i>	9.788.743	25.478.303
Provision for expected loss (-)	(9.804)	(17.825)
	<u>9.808.253</u>	<u>25.482.545</u>

23. EVENTS AFTER THE REPORTING PERIOD

With the decision of the Board of Directors taken on 6 August 2020, it has been decided to make applications to the relevant institutions, in particular the Capital Market Board, to increase the Company's paid-in capital of TRY 16.575.787,50 to TRY 35.000.000 - (Thirty five million), all of which will be covered by internal resources.