

**İndeks Bilgisayar Sistemleri Mühendislik
Sanayi ve Ticaret Anonim Şirketi**

**Consolidated
Financial Statements**

And

Independent Auditors' Report

For the Period January 1, 2017 - 31 December 2017

(Originally Issued In Turkish)

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
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Independent Auditors' Report

To The Board of Directors of
İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi

Report on the Audit of the Financial Statements

Opinion

We have audited the (consolidated) financial statements of İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at December 31, 2017 the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



www.gureli.com.tr

Merkez Ofisi
Spine Tower Büyükdere Cad.
59. Sok. No:243 Kat:25 - 26
Maslak 34398 Sarıyer/İstanbul
T : 444 9 475 - (0212) 285 01 50 (pbx)
F : (0212) 285 03 40 - 43
gym@gureli.com.tr

Ankara Ofisi
ASO Kule Atatürk Bulvarı
No:193 Kat:9 06680
Kavaklıdere/Ankara
T : (0312) 466 84 20 (pbx)
F : (0312) 466 84 21
gymankara@gureli.com.tr

Antalya Ofisi
Çağlayan Mah. Barınaklar
Bulvarı No:48 Kat:2 D:3
07160 Muratpaşa/Antalya
T : (0242) 324 30 14
F : (0242) 324 30 15
gymantalya@gureli.com.tr

İzmir Ofisi
Atatürk Cad. Ekim Apt.
No:174/1 Kat:5 D:9
Alsancak/İzmir
T : (0232) 421 21 34
F : (0232) 421 21 87
gymizmir@gureli.com.tr

Trakya Ofisi
Ertuğrul Mah. Hüseyin Pehlivan Cad.
Desterci İş Merkezi No:24 Kat:4 D:4
Süleymanpaşa/Tekirdağ
T : (0282) 261 25 30
F : (0282) 261 62 56
gymtrakya@gureli.com.tr

Bursa Ofisi
Odunluk Mah. Akademi Cad.
Zeno İş Merkezi D Blok Kat:7
D:31 Nilüfer/Bursa
T : (0224) 451 27 10
F : (0224) 451 27 79
gymbursa@gureli.com.tr

Eskişehir Ofisi
Hoşnudiye Mah. 732. Sk. No:44
Efe Plaza Kat:5 Daire:10
Tepebaşı/ESKİŞEHİR
T : (0222) 220 09 09 (pbx)
F : (0222) 220 48 48
gymeskişehir@gureli.com.tr

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Trade Receivables	
Refer to the Footnote 2.08 and Footnote 10 and 38-c2 about the Consolidated Financial Statements.	
Key Audit Issue	How the Issue was Dealt with in Our Audit
<p>Long and short term Trade Receivables which equals 1.116.373.537 TL constitute % 57,6 of the asset size of the Group.</p> <p>For the decrees in value in Trade Receivables , amount of 14.094.833 TL provision has been made in the financial tables. The Group uses certain estimations to bring its obsolete or impaired Trade Receivables to its net realizable value.</p> <p>Considering the importance of the trade receivables in the financial statement, availability and recoverability of these receivables were assessed as a key audit issue.</p>	<p>Our audit procedures were designed to verify the rediscounts of trade receivables and to ensure the reconciliations.</p> <p>Our audit procedures are based on verification of trade receivables and testing for appropriate provisions, taking into consideration collaterals for non-collective receivables.</p> <p>The effectiveness of the internal controls for the financial reporting related to receivables risk, dealer credit follow-up processes were evaluated.</p> <p>The Group's receivable risk policy is based on overdue trade receivables analysis considering the receivable insurances and warrants taken.</p> <p>Third-party confirmations for the purpose of verifying the existence of trade receivables have been evaluated and the exchange rate of trade receivables in the financial statements, receivable rediscount (deferred interest income) etc. other valuation operations have been recalculated.</p> <p>The appropriateness of the allowances recorded by taking into account the aging results of the receivables, the economic conditions, the past collection ability, the cases filed and the execution of the transactions made and the guarantees taken against receivables, receivable insurance amounts and subsequent collections are evaluated.</p> <p>The appropriateness of disclosures in footnotes related to trade receivables has been examined.</p>



Allowance for Decrease in Value of Inventories

Refer to the Footnote 2.08 and Footnote 13 about the Consolidated Financial Statements.

Key Audit Issue

How the Issue was Dealt with in Our Audit

Group has inventories in the amount of 430.573.871 TL and it constitutes %22,22 of the consolidated assets.

The products of the Group in inventories might be subject to technologic wear and price decreases depending upon the technologic developments and changes. The amount of allowance reserved by the Group for the inventories is 8.509.687 TL.

The Group uses certain estimations to bring its obsolete or impaired inventories due to the technologic developments, to its net realizable value. Group stipulates the calculation of the allowance for decrease in the value of inventories with incremental percentages for the products kept in the inventories for a period.

The inventories and the relevant impairment calculation were assessed as a key audit issue.

Our audit procedures were designed to inquire the net realizable value and availability of the inventories.

The correctness of the inventory amount in the Financial Table has been evaluated together with the Group's stock count results, documents related to stock movements and documents.

The Group measures the net realizable value of inventories based on the standstill waiting periods and deducts the provision for impairment of inventories according to the assumptions it creates according to this measurement.

The appropriateness of the inventory impairment, which is treated in a criticized manner, has been assessed and the provisions for impairment of inventories have been recalculated.

The appropriateness of disclosures in the footnotes related to inventories and inventory valuation is examined.

Trade Debts

Refer to the Footnote 2.08 and Footnote 10 about the Consolidated Financial Statements.

Key Audit Issue

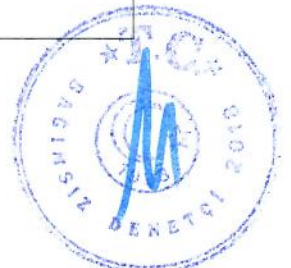
How the Issue was Dealt with in Our Audit

The Group has a Trade Debts balance in the amount of 1.250.747.807 TL constituting %64,54 of the consolidated liabilities. And also, it was assessed as a key audit issue due to the high amount of the Trade Debts of the Group.

Our audit procedures were designed to verify the accuracy of the Trade Debts.

Third-party confirmations made to verify the existence of trade payables were evaluated and the exchange rate and debt rediscount transactions of the trade debts included in the financial statements were recalculated.

The appropriateness of disclosures in the footnotes related to the trade receivables is examined.



Revenue	
Refer to the Footnote 2 and Footnote 28 about the Consolidated Financial Statements.	
Key Audit Issue	How the Issue was Dealt with in Our Audit
<p>According to the Group's revenue policy, in the case of determining the revenue reliably and economic benefits probably will be obtained, received or receivable amounts are recognized over their fair values in the financial statements by using basis of accounting.</p> <p>Revenue from the accounting period in which the goods are sold is recognized when the significant risks and rewards of ownership are transferred to the buyer.</p> <p>Recording of the incomes was assessed as a key audit issue in terms of determining the income in a timely and accurate way.</p>	<p>Our audit procedures were designed to inquire the accuracy of the recording of the revenues.</p> <p>The accounting policies related to the acquisition of the Group's financial statements were examined.</p> <p>The sales and delivery procedures of the Group in relation with the revenue process were reviewed, observed and assessed.</p> <p>The dates of invoices, dispatch notes and warehouse exit and delivery documents related to the sales transactions were checked and it was assessed that the actual delivery was performed prior to the date of balance sheet.</p> <p>The details about the sales returns account were requested as of the date of audit and it was assessed if there is any return with high amount after the date of balance sheet.</p> <p>The appropriateness of the disclosures in the footnotes related to the revenue has been examined.</p>

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the (Consolidated) Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

www.gureli.com.tr

Merkez Ofisi
Spine Tower Büyükdere Cad.
59. Sok. No:243 Kat:25 - 26
Maslak 34398 Sarıyer/İstanbul
T : 444 9 475 - (0212) 285 01 50 (pbx)
F : (0212) 285 03 40 - 43
gym@gureli.com.tr

Ankara Ofisi
ASO Kule Atatürk Bulvarı
No:193 Kat:9 06680
Kavaklıdere/Ankara
T : (0312) 466 84 20 (pbx)
F : (0312) 466 84 21
gymankara@gureli.com.tr

Antalya Ofisi
Çağlayan Mah. Barınaklar
Bulvarı No:48 Kat:2 D:3
07160 Muratpaşa/Antalya
T : (0242) 324 30 14
F : (0242) 324 30 15
gymantalya@gureli.com.tr

İzmir Ofisi
Atatürk Cad. Ekim Apt.
No:174/1 Kat:5 D:9
Alsancak/İzmir
T : (0232) 421 21 34
F : (0232) 421 21 87
gymizmir@gureli.com.tr

Trakya Ofisi
Ertuğrul Mah. Hüseyin Pehlivan Cad.
Destereci İş Merkezi No:24 Kat:4 D:4
Süleymanpaşa/Tekirdağ
T : (0282) 261 25 30
T : (0282) 261 62 56
F : (0282) 261 83 22
gymtrakya@gureli.com.tr

Bursa Ofisi
Odunluk Mah. Akademi Cad.
Zeno İş Merkezi D Blok Kat:7
D:31 Nilüfer/Bursa
T : (0224) 451 27 10
F : (0224) 451 27 79
gymbursa@gureli.com.tr

Eskişehir Ofisi
Hoşnudiye Mah. 732. Sk. No:44
Etiler Plaza Kat:5 Daire:10
Tepebaşı/ESKİŞEHİR
T : (0222) 220 09 09 (pbx)
F : (0222) 220 48 48
gymesekisehir@gureli.com.tr

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the (consolidated) financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





Other Responsibilities Arising From Regulatory Requirements

In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No:6102; auditor's report on the early risk identification system and comitee has been submitted to the company's Board of Directors on March 5, 2018.

In accordance with subparagraph 4 of Article 398 of the "TCC"; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2017 is not in compliance with the code and provisions of the Group's articles of association in relation financial reporting.

In accordance with subparagraph 4 of Article 398 of the "TCC"; the board of directors provided us the necessary explanations and submitted required documents within the contex of audit.

The engagement partner on the audit resulting in this independent auditors' report is Metin Etkin.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL



Metin Etkin
Responsible Auditor
Istanbul, March 5, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2017

BALANCE SHEET (TL)

		Audited Current Period	Audited Previous Period
	Notes	31 December 2017	31 December 2016
ASSETS			
Current Assets		1.864.614.443	1.357.649.740
Cash and Cash Equivalents	6	284.175.937	249.757.802
Financial Investments	7	-	-
Trade Receivables	10	1.099.471.261	894.894.469
- Receivables from Related Parties	10-37	1.654.639	961.867
- Receivables from Non-related Parties	10	1.097.816.622	893.932.602
Other Receivables	11	351.412	500.274
- Receivables from Related Parties	11-37	30.045	56.924
- Receivables from Non-related Parties	11	321.367	443.350
Derivative Financial Instruments	12	-	97.733
Inventories	13	430.573.781	180.642.904
Prepaid Expenses	15	7.890.287	11.475.327
Assets Relating to Current Period Tax	25	-	-
Other Current Assets	26	42.151.765	20.281.231
Subtotal		1.864.614.443	1.357.649.740
Non-Current Assets		73.226.596	65.008.920
Financial Investments	7	63.605	63.605
Trade Receivables	10	16.902.276	1.770.872
- Receivables from Related Parties	10-37	-	-
- Receivables from Non-related Parties	10	16.902.276	1.770.872
Other Receivables	11	51.685	51.685
- Receivables from Related Parties	11-37	-	-
- Receivables from Non-related Parties	11	51.685	51.685
Investments Evaluated by Equity Method	16	8.771.537	9.363.466
Investment Properties	17	15.343.324	30.423.035
Tangible Fixed Assets	18	5.870.472	5.996.417
Intangible Fixed Assets	19	5.166.026	5.260.068
- Goodwill	19	1.897.699	1.897.699
- Other	19	3.268.327	3.362.369
Deferred Tax Assets	35	21.057.671	12.079.772
TOTAL ASSETS		1.937.841.039	1.422.658.660

The accompanying notes are integral parts of the consolidated financial statements



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2017

BALANCE SHEET (TL)

	Notes	Audited Current Period 31 December 2017	Audited Previous Period 31 December 2016
LIABILITIES			
Short-Term Liabilities		1.560.273.550	1.193.153.515
Short-Term Borrowings	8	109.475.932	119.641.000
Short-Term Portion of Long-Term Borrowing	8	30.535.801	74.988.612
Other Financial Liabilities	9	-	-
Trade Payables	10	1.250.747.807	792.734.843
-Trade Payables to Related Parties	10-37	3.268.269	105.349
-Trade Payables to Non-Related Parties	10	1.247.479.538	792.629.494
Liabilities in the Scope of Employee Benefits	20	1.151.104	968.987
Other Payables	11	25.982.121	9.596.957
-Other Payables to Related Parties	11-37	-	-
-Other Payables to Non-Related Parties	11	25.982.121	9.596.957
Derivative Financial Instruments	12	1.308.094	-
Deferred Earnings	15	82.262.494	145.816.022
Current Period Profit Tax Liability	35	32.623.117	7.107.091
Short-Term Provisions	22	26.187.080	42.300.003
-Other Short-Term Provisions	22	26.187.080	42.300.003
Other Short-Term Liabilities	26	-	-
Subtotal		1.560.273.550	1.193.153.515
Long-Term Liabilities		21.101.867	6.057.481
Long-Term Borrowings	8	16.933.426	2.066.828
Long-Term Provisions Regarding Employee Benefits	24	4.148.419	3.900.772
Deferred Tax Liabilities	35	20.022	89.881
SHAREHOLDER'S EQUITY		356.465.622	223.447.664
Shareholders' Equity Related to Parent Company	27	317.526.742	193.129.613
Paid-in Capital		56.000.000	56.000.000
Share Capital Adjustments		1.064.323	1.064.323
Share Buyback(-)		(798.565)	(798.565)
Non-Reclassification to profit or loss Accumulated Other Comprehensive Income or Expenses		(380.706)	(592.468)
- Defined Benefit Plans and Measurement Revaluation Gains / Losses		(380.706)	(592.468)
Reclassification to profit or loss Accumulated Other Comprehensive Income or Expenses		13.479.683	13.098.437
- Foreign Currency Translation Differences		13.479.683	13.098.437
Restricted Reserves Assorted from Profit		22.488.830	17.763.662
Previous Years' Profit/(Loss)		70.165.709	54.591.980
Net Profit/(Loss) for the Period		155.507.468	52.002.244
Non-Controlling Interests	27	38.938.880	30.318.051
TOTAL LIABILITIES		1.937.841.039	1.422.658.660

The accompanying notes are integral parts of the consolidated financial statements.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
CONSOLIDATED PROFIT OR LOSS AND COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2017

CONSOLIDATED PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME STATEMENTS (TL)

	Notes	Audited January 1, 2017- 31 December 2017	Audited January 1, 2016- 31 December 2016
STATEMENT OF PROFIT OR LOSS			
Sales	28	4.719.624.736	3.793.602.651
Cost of Sales (-)	28	(4.533.260.188)	(3.637.624.310)
Gross Profit / (Loss) from Trade Operations		186.364.548	155.978.341
GROSS PROFIT / LOSS		186.364.548	155.978.341
General Administrative Expenses (-)	29	(39.586.834)	(32.929.558)
Marketing, Sales and Distribution Expenses(-)	29	(33.934.194)	(30.882.518)
Other Operating Income	31	130.091.027	101.670.212
Other Operating Expenses (-)	31	(120.809.963)	(112.421.353)
OPERATING PROFIT / LOSS		122.124.584	81.415.124
Income from Investing Operations	32	109.273.498	322.268
Expenses from Investing Operations (-)	32	-	-
Share in Profit / (Loss) of Investments Evaluated According to Equity Method	32	(1.234.080)	(2.305.118)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSES		230.164.002	79.432.274
Financial Income	33	20.557.796	19.685.014
Financial Expenses (-)	33	(39.354.537)	(24.287.314)
CONTINUED OPERATIONS PROFIT / LOSS BEFORE TAXATION		211.367.261	74.829.974
Continued Operations Tax Income / (Expense)		(43.180.004)	(15.448.368)
- Tax Income / (Expense) for the Period	35	(52.279.158)	(18.043.378)
- Deferred Tax Income / (Expense)	35	9.099.154	2.595.010
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		168.187.257	59.381.606
PROFIT/(LOSS) OF THE PERIOD		168.187.257	59.381.606
Distribution of Profit / (Loss) of the Period		168.187.257	59.381.606
Non-Controlling Interest		12.679.789	7.379.362
Parent Company Share		155.507.468	52.002.244
Earnings / (Loss) Per Share	36	2,776919	0,928612
OTHER COMPREHENSIVE INCOME:		589.552	1.210.904
Items Not To Be Reclassified in Profit / Loss		210.358	(200.682)
Actuarial Gains and Losses from Retirement Plans		210.358	(200.682)
Items To Be Reclassified in Profit / Loss		379.194	1.411.586
Foreign Currency Exchange Differences		379.194	1.411.586
Distribution of Other Comprehensive Income		168.776.809	60.592.510
Non-Controlling Interest		12.676.333	7.114.343
Parent Company Share		156.100.476	53.478.167

The accompanying notes are integral parts of the consolidated financial statements .

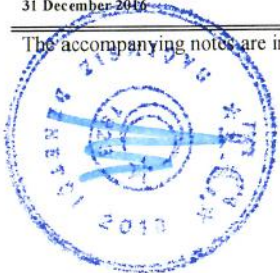


İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 December 2017
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (TL)

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Audited	Notes	Paid in Capital	Capital Adjustment	Share Buyback	Non-Reclassification to profit or loss		Reclassification to profit or loss Accumulated		Accumulated Profit		Net Period Profit / (Loss)	Shareholders' Equity Related to Parent Company	Non-Controlling Interests	Total Equity
					Accumulated Other Comprehensive Income or Expenses		Other Comprehensive Income or Expenses							
					Defined Benefit Plans and Measurement Revaluation Gains / Losses	Other Gains/ (Losses))	Foreign Currency Translation Differences	Hedging Gains/ (Losses)	Restricted Reserves from Profit	Previous Years' Profit / (Loss)				
January 1, 2017	Note-27	56,000,000	1,064,323	(798,565)	(592,468)	-	13,098,437	-	17,763,662	54,591,980	52,002,244	193,129,613	30,318,051	223,447,664
Transfer of Previous Years' Profit		-	-	-	-	-	-	-	4,725,168	47,277,076	(52,002,244)	-	-	-
Total Comprehensive Income		-	-	-	211,762	-	381,246	-	-	-	155,507,468	156,100,476	12,676,333	168,776,809
Period Profit		-	-	-	-	-	-	-	-	-	155,507,468	155,507,468	12,679,789	168,187,257
Other Comprehensive Income		-	-	-	211,762	-	381,246	-	-	-	-	593,008	(3,456)	589,552
Dividends Paid		-	-	-	-	-	-	-	-	(31,703,347)	-	(31,703,347)	(4,055,504)	(35,758,851)
31 December 2017	Note-27	56,000,000	1,064,323	(798,565)	(380,706)	-	13,479,683	-	22,488,830	70,165,709	155,507,468	317,526,742	38,938,880	356,465,622
Audited														
January 1, 2016	Note-27	56,000,000	1,064,323	(634,290)	(374,350)	-	11,404,396	-	12,605,752	53,656,587	44,920,203	178,642,621	29,196,804	207,839,425
Transfer of Previous Years' Profit		-	-	-	-	-	-	-	5,157,910	39,762,293	(44,920,203)	-	-	-
Total Comprehensive Income		-	-	-	(218,118)	-	1,694,041	-	-	-	52,002,244	53,478,167	7,114,343	60,592,510
Period Profit		-	-	-	-	-	-	-	-	-	52,002,244	52,002,244	7,379,362	59,381,606
Other Comprehensive Income		-	-	-	(218,118)	-	1,694,041	-	-	-	1,475,923	(265,019)	1,210,904	
Dividends Paid		-	-	-	-	-	-	-	-	(34,902,149)	-	(34,902,149)	(2,038,001)	(36,940,150)
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity		-	-	-	-	-	-	-	-	(3,924,751)	-	(3,924,751)	(3,842,066)	(7,766,817)
Increase (decrease) through treasury share transactions, equity		-	-	(164,275)	-	-	-	-	-	-	-	(164,275)	(113,029)	(277,304)
31 December 2016	Note-27	56,000,000	1,064,323	(798,565)	(592,468)	-	13,098,437	-	17,763,662	54,591,980	52,002,244	193,129,613	30,318,051	223,447,664

The accompanying notes are integral parts of the consolidated financial statements .



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2017

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STATEMENT OF CASHFLOWS (TL)

		Audited Current Period	Reviewed Audited Previous Period
	Notes	Januray 1,2017- December31,2017	Januray 1,2016- December 31,2016
CASH FLOW PROVIDED FROM OPERATIONS		130.987.295	295.593.107
Period Profit/(Loss)		168.187.257	59.381.606
Adjustments to reconcile net profit to net cash provided by operating activities:		32.297.815	29.001.499
Adjustments for depreciation and amortisation expense	18-19	2.877.695	2.899.354
Adjustments for Impairment Loss (Reversal of Impairment Loss)		6.819.323	(733.931)
Adjustments for Provision (Reversal of Provision) of Receivables	10	2.407.531	468.636
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	13	4.411.792	(1.202.567)
Adjustments for provisions		(14.752.670)	5.215.841
Adjustments for (Reversal of) Provisions Related with Employee Benefits	24	1.360.253	1.249.630
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	22	(601.544)	28.397
Adjustments for (Reversal of) Other Provisions	22	(15.511.379)	3.937.814
Adjustments for Interest (Income) Expenses		16.043.997	3.310.637
Adjustments for Interest Income	31-33	(76.686.766)	(42.753.717)
Adjustments for Interest Expense	31-33	96.261.601	59.753.462
Deferred Financial Expense from Credit Purchases	10	(11.263.940)	2.477.275
Unearned Financial Income from Credit Sales	10	7.733.102	(16.166.383)
Adjustments for Tax (Income) Expenses	35	43.180.004	15.448.368
Adjustments for losses (gains) on disposal of non-current assets			
Other adjustments to reconcile profit (loss)	26	(21.870.534)	2.861.230
Changes in Working Capital		1.619.432	168.148.576
Adjustments for decrease (increase) in trade accounts receivable	10	(229.848.829)	67.587.298
Adjustments for Decrease (Increase) in Other Receivables Related with Operations	11	148.862	182.312
Adjustments for decrease (increase) in inventories	13	(254.342.669)	27.202.579
Adjustments for increase (decrease) in trade accounts payable	10	469.276.904	70.390.708
Adjustments for increase (decrease) in other operating payables	11	16.385.164	2.785.679
Increase (Decrease) in Other Payables Related with Operations		202.104.504	256.531.681
Payments for (Reversal of) Provisions Related with Employee Benefits	24	(855.629)	(893.528)
Income taxes paid (refund), classified as operating activities	35	(26.763.132)	(16.534.316)
Other inflows (outflows) of cash, classified as operating activities		(43.498.448)	56.489.270
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(2.248.281)	(1.932.960)
Proceeds from sales of property, plant, equipment and intangible assets	18-19	608.974	392.591
Proceeds from sales of property, plant and equipment		466.626	143.291
Proceeds from sales of intangible assets		142.348	249.300
Purchase of tangible and intangible assets	18-19	(2.857.255)	(2.325.551)
Purchase of property, plant and equipment		(2.510.190)	(1.218.749)
Purchase of intangible assets		(347.065)	(1.106.802)
Investment Property (-)			
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(94.480.686)	(180.673.171)
Proceeds from borrowings	8	361.494.420	85.704.589
Proceeds from Loans	8	361.494.420	85.704.589
CASH OUTFLOW DEBT PAYMENTS	8	(401.245.701)	(211.430.229)
Cash outflow on loan repayment	8	(401.245.701)	(211.430.229)
Dividends Paid		(35.758.851)	(36.940.150)
Interest Paid	32-33	(18.970.554)	(18.007.381)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		34.258.328	112.986.976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		34.258.328	112.986.976
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	249.740.209	136.753.233
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	283.998.537	249.740.209

The accompanying notes are integral parts of the consolidated financial statements.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

ORGANIZATION AND BUSINESS SEGMENT

İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi was established in 1989 and the activities of the Group are comprised of trade of all kinds of "Information Technology" products for the purpose of wholesale trading. The Company is registered to the Capital Markets Board of Turkey since June 2004 and 15, 34% of the Company's shares are traded on Istanbul Stock Exchange.

Details regarding to Group's subsidiaries, which are subject to consolidation, are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Datagate Bilgisayar Malzemeleri A.Ş. (Datagate)	Purchasing and Selling of Computer and Equipment	30.000.000	59,24	59,24
Neotech Teknolojik Ürünler Dağ. A.Ş. (Neotech)	Purchasing and Selling of Home Electronic Products	1.000.000	80,00	80,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos)	Logistics	5.000.000	99,99	99,99
Artım Bilişim Çözüm ve Dağıtım A.Ş. (Artım)	Purchasing and Selling of Spare Parts of IT Products	1.210.000	100	100
İndeks International FZE (İndeks FZE)	Purchasing and Selling of Computer and Equipment	150.000 UAE Dirham	100	100
Datagate International FZE (Datagate FZE)	Purchasing and Selling of Computer and Equipment	150.000 UAE Dirham	-	59,24

As of December 31,2017 details regarding to Company's joint ventures, which are subject to consolidation, are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Neteks İletişim Ürünleri Dağıtım A.Ş. (Neteks)	Purchasing and Selling Network Products	1.100.000	50,00	50,00
Neteks Teknoloji Ürünleri A.Ş. (Neteks) (*)	Purchasing and Selling Network Products	100.000	50,00	50,00

(*)As of 26.12.2017, 50% of the shares of Neteks Teknoloji Ürünleri Anonim Şirketi were jointly owned by the company and 25.000 TL of capital commitment was paid as of the report date.

As of December 31,2016 details regarding to Company's joint ventures, which are subject to consolidation, are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Neteks İletişim Ürünleri Dağıtım A.Ş. (Neteks)	Purchasing and Selling Network Products	1.100.000	50,00	50,00

The financial statements of Datagate Bilgisayar Malzemeleri A.Ş., Neotech Teknolojik Ürünler Dağ. A.Ş., Teklos Teknoloji Lojistik Hizmetleri A.Ş., Artım Bilişim Çözüm ve Dağıtım A.Ş., Datagate International FZE and İndeks International FZE are consolidated according to "the full consolidation method". The financial statements of Neteks İletişim Ürünleri Dağıtım A.Ş. is consolidated according to "the proportionate consolidation method".

The main shareholders of the Company are Nevres Erol Bilecik (%36,26). The average number of employees for the year 2017 is 500. (2016: 498). All of the personnel carry out administrative duties.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

The Company's official address registered in Trade Registry is Merkez Mahallesi Erseven Sokak No:8/1 Kağıthane, İstanbul. The Company's head office is in Istanbul and it has branches in Ankara, İzmir, Diyarbakır. The Group's logistical operations are conducted by Teklos Teknoloji Lojistik Hizmetleri A.Ş. in the address of Cumhuriyet Mahallesi Yahyakaptan Caddesi No:10A D:2 Çayıröva / KOCAELİ.

2 BASIS OF PRESENTATION

2.01 Basis of Presentation

The Group maintains its books of accounts and statutory financial statements in accordance with Turkish Commercial Code and accounting principles determined in tax legislations. Serial II-14.1 "Communiqué On The Principles Of Financial Reporting In Capital Markets", which was published in Official Gazette dated 13 June 2013 and numbered 28676, superseded the Capital Markets Board ("CMB") "Communiqué On The Principles Of Financial Reporting In Capital Markets"

The Group's financial position and operation results are expressed in Turkish Lira. The interim financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") issued by Public Oversight Accounting And Auditing Standards Authority ("POA")

The Group's consolidated financial statements between the dates of 1 January-31 December 2017 are approved by the board of the directors on the date of 5 March 2018. The General assembly and the relevant legal entities have the authority to change these consolidated financial statements

The Group's financial statements are presented with environment in which the Group its functional currency that is the currency of the primary economic operates. Accordingly the Group's financial position and operation results are expressed in Turkish Lira.

As the date of 31 December 2017, the currency of non-monetary items in prepared financial statements are accepted as USD until 30 June 2013. The transactions after this date accounted as TL due to change in functional currency USD to TL.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

According to the decision, dated March 17, 2005 with No:11/367, made by the Capital Market Board, the inflation accounting has been no longer effective as of 2005 and the accompanying consolidated financial statements has not been adjusted since January 1,2005. Nonmonetary values, which are in the accompanying consolidated financial statements, exist with valued as of December 31, 2004 in accordance with International Accounting Standards No. 29 "Financial Reporting on Hyper-Inflationist Economies".

2.03 Consolidation Principles

Subsidiaries are the companies, whose shares are held by the Group directly or indirectly through shares of other companies. As a result, the Group with or without over 50% of voting right, has the power and authority to direct and control the management and policies of the subsidiary companies whether through the ownership of voting securities, by contract or otherwise.

Balance Sheet and Income statements of the subsidiaries are consolidated according to "full consolidation method" and book value and capital of the Group's subsidiary are adjusted accordingly. Transactions and balances between the Group and Subsidiaries are eliminated during consolidation.

Minority interests show minority shareholders' share in the subsidiaries' assets and result of operations for the related period. These details are to be expressed separately in consolidated Balance Sheet and Income Statement.

If losses related to minority interest are over benefits from shares of a subsidiary and if there is no bounding liability to the minorities, in general, these losses related with the minorities result against to benefits of the minorities.

Companies under common control of the Group are described as Joint Managing Companies. The Group has significant impact on financial and operating policies of these companies.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

The current shares in the subsidiaries are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Datagate Bilgisayar Malzemeleri A.Ş.	Purchasing and Selling of Computer and Equipment	30.000.000	59,24	59,24
Neotech Teknolojik Ürünler Dağ. A.Ş.	Purchasing and Selling of Home Electronic Products	1.000.000	80,00	80,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş.	Logistics	5.000.000	99,99	99,99
İnfin Bilgisayar Ticaret A.Ş.	Purchasing and Selling of Computer and Equipment	50.000	99,80	99,80
Artım Bilişim Çözüm ve Dağıtım A.Ş.	Purchasing and Selling of Spare Parts of IT Products	1.210.000	100	100
İndeks International FZE (**) (İndeks FZE)	Purchasing and Selling of Computer and Equipment	150.000 BAE Dirhemi	100	100
Datagate International FZE (***) (Datagate FZE)	Purchasing and Selling of Computer and Equipment	150.000 BAE Dirhemi	-	59,24

Common Activity Shares; Common activity is a common regulation that parties have rights on assets and liabilities regarding the regulated activity. Common control is to share the control on economic activity with an agreement. This control is accepted to take place in ,decisions related activities, accepted in such cases unanimous vote of parties that shares control.

As of December 31,2017 details regarding to Company's joint ventures, which are subject to consolidation, are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Neteks İletişim Ürünleri Dağıtım A.Ş. (Neteks)	Purchasing and Selling Network Products	1.100.000	50,00	50,00
Neteks Teknoloji Ürünleri A.Ş. (Neteks) (*)	Purchasing and Selling Network Products	100.000	50,00	50,00

(*) As of 26.12.2017, 50% of the shares of Neteks Teknoloji Ürünleri Anonim Şirketi were jointly owned by the company and 25.000 TL of capital commitment was paid as of the report date.

As of December 31,2016 details regarding to Company's joint ventures, which are subject to consolidation, are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Neteks İletişim Ürünleri Dağıtım A.Ş. (Neteks)	Purchasing and Selling Network Products	1.100.000	50,00	50,00

Acquisitions of businesses are accounted for using the equity method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

If the Group's loss which is coming from subsidiaries' loss is greater than or equal to the group's total share on subsidiaries, book value on subsidiaries are zeroized (thereby includes long term investments) and if there is not any commitment or any payment instead of the subsidiary , in such cases, extra losses are not accounted anymore.

Goodwill is the excess of purchase price over the fair market value of a company's identifiable assets and liabilities. Goodwill is included in investment's book value and be examined in terms of impairment as a part of the investment. If definable assets , liabilities and contingent liabilities' fair value is over the purchase or sale price, the excess is accounted as profit or loss for the period directly.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

The financial statements of Datagate Bilgisayar Malzemeleri A.Ş., Neotech Teknolojik Ürünler Dağ. A.Ş., Teklos Teknoloji Lojistik Hizmetleri A.Ş., Artım Bilişim Çözüm ve Dağıtım A.Ş. and İndeks International FZE are consolidated for using direct consolidation method, the financial statements of Neteks İletişim Ürünleri Dağıtım A.Ş. and Neteks Teknoloji Ürünleri Dağıtım A.Ş. is consolidated by using partial consolidation method

Affiliate companies' balance sheets and income statement are consolidated by using full consolidate method and the book value and the shareholders equity of the affiliate companies owned by the Group is mutually clarified. Likewise inside group transactions and their balances of the Group and subsidiaries during the consolidation were eliminated mutually.

Minority interests show minority shareholders' equity in the subsidiaries' assets and result of operations for the related period. These details are expressed separately in consolidated balance sheet and Profit/Loss Statement. If losses related to minority interest are over benefits from shares of a subsidiary and if there is no bounding liability to the minorities, in general, these losses related with the minorities can result against to benefits of the main shareholders.

Financial Information of Companies which are not Consolidated

Parent and subsidiary companies which are not subjected to consolidation and the subsidiary related with management, auditing, and capital are as follows:

Subsidiary	Participation Rate %	31 December 2017
İnfin Bilgisayar Ticaret A.Ş.	99,8	63.605
Total		63.605

İnfin Bilgisayar Ticaret A.Ş. and Neteks Dış Ticaret Limited Şirketi were not consolidated to the fact that they are both insignificant and do not have material effect on the Group's consolidated financial statements. These subsidiaries are classified as financial assets available for sale in consolidated financial statements. The summary financial information of mentioned companies is discloses in **Note: 7**.

Comparison between financial outcomes of companies which are not subjected to consolidation and financial outcomes of consolidated financial statements as of 31 December 2017 is as follows;

Financial Outcomes of 2017	Total Asset	Total Equity	Net Sales	Period Income
Companies which are not subjected to consolidation	3.833.231	460.029	9.328.959	35.996
Consolidated Financial Statements	1.937.841.039	356.465.622	4.719.624.736	155.507.468
%	0,20%	0,13%	0,20%	0,02%

Significant part of items, which are located in total asset and sales, are eliminated during the consolidation even though these companies are subjected to consolidation. Considered other matters when mentioned companies are excluded from the consolidation, are as follows;

These companies have not got significant assets and liabilities which are out of balance sheet. Moreover these companies have not got significant assets such as fixed assets etc.

On the lights of above given data all these companies were not subjected to consolidation due to all quantitative and qualitative evaluations and on the lights of above given data indicate that these companies do not effect to financial outcomes significantly.

2.04 Comparative Information and Adjustment of the Previous Period Financial Statements

The comparative financial statements have been presented to enable to perform the financial position and the performance trend analysis. All necessary adjustments are made in previous financial statements to present consistent and comparative financial statements, if required.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

2.05 Offsetting

The financial assets and liabilities in the financial statements are offset and the net amount reported in the balance sheet, where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.06 Changes in Accounting Policies

The changes to the current accounting policies can be performed if it is necessary or the changes will provide more appropriate and reliable presentation of the transactions and events related to the financial position, performance and the cash flow of the Group that affect the financial statements of the Group. If the changes in accounting policies affects the prior periods, policy is applied to the prior period financial statements as if it is applied before.

2.07 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. On the other hand, if the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted.

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements. However; if the effect of the accounting estimate to the financial statement cannot be determined, then it is not disclosed in the notes to the financial statements. The Group is applying the accounting estimates to determine the doubtful receivables, the value decrease in fixed assets and inventory, the useful lives of the fixed assets, contingent liabilities, actuarial assumptions for the termination indemnities, etc. The explanation regarding the changes in accounting estimates applied in the current are disclosed in the related parts of the notes to the financial statements.

IAS 21 The Effects of Changes in Foreign Exchange Rates Standard defines that functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency: the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services and the currency that mainly influences labor, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled). The Group management reviews accounting estimations about functional currency and accounting policies in every period.

2.08 Summary of Significant Accounting Policies

2.08.01 Income

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Group's income mainly consists of sales of computer and computer equipments as PC, laptop, electronic home products, networking products, etc. All the sales are operated via dealers and there are not any direct sales to end customers. Net sales are calculated by deducting sales return and sales discounts from total sales.

Revenue from the sale of goods is recognized when all the following conditions are gratified:

- The significant risks and the ownership of the goods are transferred to the buyer;
- The Group refrains the managerial control over the goods and the effective control over the goods sold;
- The revenue can be measured reasonably;
- It is probable that the the economic benefits related to transaction will flow to the entity;
- The costs incurred or will be incurred in conjunction with the transaction can be measured reliably.

The most of the products sold by the Group has foreign origin. The purchases are made from foreign companies, offices of foreign companies in Turkey or domestic companies in Turkey. Depending upon the realization of the targets given by the domestic or foreign companies; a set of payments are received or offsetting the accounts under the name of "rebate", "risturn", "sell out", or "bonus". The mentioned amounts are recognised as credit note income accruals in the balance sheet depending upon the realization of the targets and conditions given by the sellers. The documents prepared by sellers under the name of "rebate", "risturn", "sell out", "bonus", and "credit note" (or

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

Invoices prepared by the Group) is collected or offsetted. Credit notes obtained from inventories are discounted from cost of inventories. The remaining balance is recognised as "Other Sales" in the sales of the Group.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The differences between the fair value and the nominal value is recorded as interest income according to the accrual basis.

2.08.02 Inventories

Inventories are stated either at the lower of acquisition cost or net realizable value. Group's inventories consist of computer and computer equipments like PC, laptop, electronical home products, network products, etc.

The inventory costing method used by the Group is "First in First out (FIFO)". Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.08.03 Tangible Fixed Assets

For Assets acquired in and after 2005, the tangible assets are reflected to the consolidated financial statements by deducting their accumulated depreciation from their cost. For assets that were acquired before January 01, 2005, the tangible fixed assets are presented on the consolidated financial statements based on their cost value, which is adjusted according to the inflationary effects as of December 31, 2004. Depreciation is calculated using the straight-line method based on their economic lives. The following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation.

Type	31 December 2017 Rate (%)	31 December 2016 Rate (%)
Land Improvements	10	10
Buildings	2	2
Machinery, Plant and Equipment	10-25	10-25
Motor Vehicles	10-25	10-25
Furniture and Fixtures	10-33	10-33
Leasehold Improvements	10-33	10-33

Lands are not subject to depreciation since they have unlimited useful lives.

Tangible fixed assets are reviewed in terms of impairment for each balance sheet period. If the carrying value of a tangible fixed asset is more than its expected net realizable value, then the carrying value is reduced to its net realizable value by making the necessary provisions. There is no provision for decrease in value of tangible fixed assets.

The profit and loss arisen from fixed asset sales are determined by comparing the net book value with the sales price and the result is added to the operating profit or loss.

Maintenance and repair expenses are accounted as expense at their realization date. If the maintenance and repair expenses clearly improve the economic value or performance of the related asset then they are capitalized.

2.08.04 Intangible Assets

Intangible Assets contains acquired assets by sales such as computer software programs and computer software licences. There is no intangible assets created within the structure of business.

Intangible assets acquired before January 1, 2005 are carried at historical cost including inflationary effects as at December 31, 2004, however, purchases after January 1, 2005 are carried at their historical cost less accumulated amortization and impairment.

Intangible assets are depreciated on a straight-line basis over their expected useful lives in five and ten year's period.



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The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. If the net value of an intangible asset is more than the recoverable value, the net value of the intangible asset is decreased to recoverable value by making provisions. There is no provision for the value decrease in intangible assets.

2.08.05 Impairment of Assets

Assets such as goodwill which has infinite life are not subjected to amortization. Impairment test is applied for these assets for each year. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

According to the Group Management's assessment; There is no such a situation that may cause impairment for tangible, intangible assets and investment properties. These assets' net book value has been predicted that the mentioned assets' market values are over their net book values. The remaining assets except from mentioned assets consist of vehicles and furniture&fixtures for administrative purposes. These assets' insurance values and replacement values are over their book values.

2.08.06 Research and Development Expenses

None.

2.08.07 Borrowings Costs

The borrowing costs are recognized as expense when they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The capitalization of borrowing costs as part of the cost of a qualifying asset shall commence, when expenditures and borrowing costs for the asset are incurred, continues until that asset becomes available for sale. Expenditures on a qualifying asset include only those expenditures that have resulted in payments of cash, transfers of other assets or the assumption of interest-bearing liabilities. There are no capitalized borrowing costs in current period related to qualifying assets.

2.08.08 Financial Instruments

(i) Financial Assets

Investments are recognized and derecognized on transaction date where the purchase and sales of an investment is under a contract, terms of which require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Financial assets are classified as "financial assets, whose fair value differences are reflected to the profit or loss", "financial assets held to the maturity", "financial assets available for-sale" and "loans and receivables."

Prevailing Interest Method;

Prevailing interest method is the assessment of financial asset with their amortized cost and allocation of interest income to the relevant period. Prevailing interest rate is a rate that discounts the estimated cash flow of the financial instruments for the expected life or where appropriates a shorter period.

Income related to financial assets, except the "financial assets, whose fair value differences are reflected to the profit or loss", is calculated by using the prevailing interest rate.

a) Financial Assets Whose Fair Value Differences Are Reflected to the Profit or Loss

"Financial assets whose fair value differences are reflected to the profit or loss", are the financial assets that are held for trading purposes. If a financial asset is acquired for trading purposes, it is classified in this category. Also, derivative instruments, which are not exempt from financial risk, are also classified as "Financial assets whose fair value differences are reflected to the profit or loss". These financial assets are classified as current assets.



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b) Financial Assets Which Will Be Held to the Maturity

Debt instruments, which the Group has the intention and capability to hold to maturity, and/or have fixed or determinable payment arrangement, are classified as "Investments Held to the Maturity". Financial asset that will be held to the maturity, are recorded after deducting the impairment from the cost basis, which has been amortized with prevailing interest method. All relevant income is calculated using the prevailing interest method.

c) Financial Assets Available-For-Sale

Financial assets, which are "Available-for-Sale", are either financial assets, which will not be held to maturity or financial assets, which are not held for trading purposes. Financial assets Available-for-Sale are recorded with their fair value if their fair value can be determined reliably. Marketable securities are shown at their cost basis unless their fair value can be reliably measured or have an active trading market. Profit or loss pertaining to the financial assets Available-for-Sale is not recorded on the income statement. The fluctuation in the fair value of these assets is shown in the statement of shareholders' equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized is included in profit or loss for the period. Provisions recorded in the income statement pertaining to the impairment of financial asset Available-for-Sale cannot be reversed from the income statement in future periods.

Except equity instruments classified as available-for-sale, if impairment loss decreases in next period and if therein decreasing can be related to an event occurred after the accounting of impairment loss, impairment loss accounted before can be cancelled in income statement.

d) Loans and Receivables

Trade receivables, other receivables, and loans are initially recognized at their fair value. Subsequently, receivables and loans are measured at amortized cost using the effective interest method. In the case of interest on loans and receivables negligible, registered value of loan and receivables is accepted as fair value.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indication of impairment at each balance sheet date. Financial assets are impaired, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced with the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are reversed against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

With respect to available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents are cash, demand deposit and other short-term highly liquid investments, which their maturities are three months or less from the date as of acquisition, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



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(ii) Financial Liabilities

Financial liabilities and equity instruments are classified according to the contractual agreements entered into and the definition of financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all the liabilities. Accounting policies determined for the financial liabilities and the financial instruments based on equity are explained below.

Financial liabilities are classified as either "financial liabilities whose fair value differences are reflected to the profit /loss" or other financial liabilities.

a) Financial Liabilities Whose Fair Value Differences Are Reflected to the Profit /Loss

"Financial liabilities whose fair value differences are reflected to the profit /loss" are recorded with their fair value and are re-evaluated at the end of each balance sheet date. Changes in fair values are recorded on the income statement. Net earnings and/or losses recorded on the income statement also include interest payments made for this financial liability.

b) Other Financial Liabilities

Other financial liabilities are initially recognised with their fair values free from transaction costs.

Other financial liabilities are recognised over their amortized costs using the effective interest method and with interest costs calculated over effective interest rate in subsequent periods. The effective interest method is the calculation of the amortized costs of the financial liabilities and the distribution of the related interest expenses to related periods.

(iii) Derivative Financial Instruments

The Group has agreement in foreign currency futures markets. Derivative financial instruments are recognised with its market value on the date of derivative contracts signed and re-assessed with its market value.

The differences between the acquisition costs and fair values of forward agreements are recorded in equity and/or income statement in accordance with the practices of IAS 39 hedge accounting as of period ends.

The gain or loss realized from the increase or decrease in the fair value of the derivative instruments which do not meet the conditions for hedge accounting is recognised in profit or loss.

The fair value is determined by the appropriate one of possible valid market values, otherwise discounted cash flows and option pricing models. The derivatives with positive fair value is recognised as an asset and with negative fair value is recognised as a liability under the balance sheet. (Note: 12)

2.08.09 Effects of Currency Fluctuations

All transactions, denominated in foreign currencies, are converted into TL by the exchange rate ruling at the transaction date. All foreign currency denominated monetary assets and liabilities stated at the balance sheet are converted into TL by the exchange rate ruling at the balance sheet date. Foreign exchange gains and/or losses as a result of the conversions are recorded in the income statement. Group uses same foreign currency in their sales and purchase transaction. Therefore Group does not contain important currency risk.

2.08.10 Earnings per Share

Earnings per share in the income statement are calculated by dividing net income by the weighted average number of common shares outstanding for the period. In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" from retained earnings. These bonus shares are deemed as issued shares while calculating the net earnings per share. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.08.11 Subsequent Events

Subsequent events cover all events that occur between the balance sheet date and the publication date of the financial statements. If there is substantial evidence that the subsequent events existed or arise after the balance sheet date, these events are disclosed and explained in the notes to the financial statements.



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2.08.12 Provisions, Contingent Liabilities and Assets

A provision is recognized when an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate (or rates) is a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The increase in provisions arisen from time differences is recorded as interest expense in case of discounting. Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient objective evidence that they will occur. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities and assets are not reflected to consolidated financial statements but disclosed in the notes to the consolidated financial statements. The entity recognizes a provision for the part of the obligation, for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made

2.08.13 Leasing Operations

The Group as Lessee

Financial Leases

Financial leases are described which the lessor retains all the risks and benefits pertaining to the goods. Financial leases are taken into the accounts according to lower current market value or minimum lease payments.

The liability arising from a financial leasing transaction is separated into interest payable and principal debt in order to determine a fixed interest rate on the remaining balance. The costs and expenses incurred at the initial acquisition of the fixed asset subject to financial leasing are added to the cost. The fixed assets obtained through financial leasing are subject to depreciation over their estimated useful lives.

Information of net book value of Group's assets, which are subject to lease, stated on **Note: 18**. Information related with Group's financial leasing debt stated on **Note: 8**.

Operating Leases

Lease agreements in which the lessor retains all the risks and benefits relating to the good are described as operational leasing. Lease payments made for an operational leasing are recorded as expense according to normal method throughout the lease term.

The Group as Lessor

Operating Leases

The Group presents assets subject to operating leases in their balance sheet according to the nature of the asset. Lease income from operating leases is recognized as income according to the normal method. The initial direct costs incurred during operational leasing are reflected to income statement as expense. Group's Lease agreements as a lessor, are related with leasing to small part of the main building where Group's operating, to other non-consolidated companies and to another company which is not include the Group, as a office and store.

2.08.14 Related Party Disclosures

The partners' of the Company, Company's Board of Directors, Company's management personnel, Company's other directors, close family members in the charge of the Company, and other companies directly or indirectly controlled by the Company are considered as related parties. The transactions with related parties are disclosed in the **Note: 37**.

2.08.15 Government Grants and Assistance

None.



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2.08.16 Investment Property

Investment properties are recognised according to the following principle as of December 31,2017 and December 31,2016.

Real Estates held to earn rent income are classified as Investment Properties and they are recognised at their cost value less accumulated depreciation and accumulated impairments. The cost arising from the change or improvement of a part of real estate is added to cost of that real estate if the generally accepted conditions are met. However, daily maintenance expenses are not added to mentioned cost of the real estate.

Intangible assets are depreciated on a straight-line basis over their expected useful lives and the depreciation rate is % 2 per annum.

If the investment property is out of use or sold, they are removed from the balance sheet and the gain or loss from sale of investment property is recognised under the income statement.

2.08.17 Taxation and Deferred Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income to the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in the equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax



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effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Taxes stated in financial statements include the current tax and deferred taxes for the period. The Group calculates current period tax and deferred tax over the period results.

Offsetting Tax Income and Liabilities

Corporate tax payables are offset with prepaid quarterly advance corporate tax payments due to the fact that these payments are in fact corporate tax payments. Deferred tax assets and liabilities are also offset.

2.08.18 Retirement Pay

According to Turkish Labor Law, employee termination benefit is reflected in the financial statements, when the termination indemnities are deserved. Such payments are considered as being part of defined retirement benefit plan as per IAS No.19 "Employee Benefits".

Termination indemnity liability is reflected to the financial statements with the amount calculated for value at balance sheet date of lump pension in the next years by discounting by adequate interest rate. Interest cost added to the lump pension expense is shown as interest expense in the results of operations.

2.08.19 Statement of Cash Flow

Cash and cash equivalents are stated at their fair values in the balance sheet. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments.

On cash flow statement, the Group classifies period's cash flows as investment and financing activities. Cash inflow provided from operating activities denotes cash inflow provided from main activities of the Group.

Cash flow concerned with investment activities shows cash used and provided from investment activities (asset investments and financial investments).

Cash flow concerned with financial activities represents sources used from financial activities and pay-back of these funds.

2.08.20 Income Accruals

The most of the products sold by the Group has foreign origin. The purchases are made from foreign companies, offices of foreign companies in Turkey or domestic companies in Turkey. Depending upon the realization of the targets given by the domestic or foreign companies; a set of payments are received or offsetting the accounts under the name of "rebate", "risturn", "sell out", or "bonus". The mentioned amounts are recognised as credit note income accruals in the balance sheet depending upon the realization of the targets and conditions given by the sellers. The documents prepared by sellers under the name of "rebate", "risturn", "sell out", "bonus", and "credit note" (or Invoices prepared by the Group) is collected or offset.

2.08.21 Provisions for Warranty

The Group is a distributor of information technology products in Turkey. The warranties of the products sold are provided by the companies assigned by the producers. The products submitted to Company for warranty are received from dealers and these products are sent to producers or companies assigned by the producers for repairment and maintenance. After the repair and maintenance, if there is a need to change or give a new product to customers within the scope of the warranty, the amount of the products are invoiced to producer companies. The Group has no liability of provisions for warranty.



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2.09 New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in financial tables of the period ending as of 31 December 2017 has been applied as of January 1, 2017 coherently with the new and revised effective standards and the comments used in previous years except the ones by TFRYK (Turkish Financial Reporting Board). Effects of these standards and comments on financial situation and performance of Group are explained in related sections.

New effective standards, revisions and comments as of January 1, 2017 are below:

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

IFRS 15 Revenue from Contracts with Customers

The new standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 9 Financial Instruments

IFRS 9, published in July 2017, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Company does not expect that application of these amendments to IFRS 2 will have significant impact on its financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 1 "First Time Adoption of International Financial Reporting Standards"

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of 'Annual Improvements to IFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.



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IAS 28 "Investments in Associates and Joint Ventures"

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 40.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This IFRIC is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 22.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

IFRIC 23 –Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.



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IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Company does not expect that application of IFRS 17 will have significant impact on its financial statements.

3 BUSINESS COMBINATIONS

Current Year

None.

Previous Period

None.

4 BUSINESS PARTNERSHIPS

The Company's joint managing company Neteks İletişim Ürünleri Dağıtım A.Ş. is recognised according to the equity consolidation method. The summary financial information of mentioned company is as follows.

Financial Statement Item	31 December 2017	31 December 2016
Current Assets	292.317.611	147.444.669
Non-current Assets	1.523.355	1.356.213
Total Assets	293.840.966	148.800.882
Short-term Liabilities	277.498.729	131.203.010
Long-term Liabilities	45.572	104.492
Shareholders' Equity	16.296.665	17.493.380
Total Shareholders' Equity	293.840.966	148.800.882

Financial Statement Item	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Sales	323.251.826	270.691.314
Gross Profit	13.573.080	12.107.364
Operating Profit	3.494.399	5.066.999
Net Profit	(2.456.399)	(4.610.236)

The Company's joint managing company Neteks Teknoloji Ürünleri Dağıtım A.Ş. is recognised according to the equity consolidation method. The summary financial information of mentioned company is as follows.

Financial Statement Item	31 December 2017	31 December 2016
Current Assets	28.254	-
Non-current Assets	-	-
Total Assets	28.254	-
Short-term Liabilities	15.015	-
Long-term Liabilities	-	-
Shareholders' Equity	13.239	-
Total Shareholders' Equity	28.254	-



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

Financial Statement Item	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Sales	-	-
Gross Profit	-	-
Operating Profit	(11.761)	-
Net Profit	(11.761)	-

(*) As of 26.12.2017, 50% of the shares of Neteks Teknoloji Ürünleri Anonim Şirketi were jointly owned by the company and 25.000 TL of capital commitment was paid as of the report date.

5 REPORTING FINANCIAL INFORMATION BY SEGMENTS AND GEOGRAPHIC AREAS

Group has reported its financial information by information technologies and logistics. Information technologies consist of sale of computer and its components such as PC, notebook, electronical home products, networking products, etc. The gross profit / loss information of operations as of period's ends are as follows;

January 1-31 December 2017

Income Statements	Information Technologies	Telecom	Logistics	Total	Elimination	Consolidated
Non Interdepartmental Revenue	3.133.352.669	1.582.967.618	3.304.449	4.719.624.736	-	4.719.624.736
Interdepartmental Revenue	-	-	25.536.329	25.536.329	(25.536.329)	-
Sales Revenue	3.133.352.669	1.582.967.618	28.840.778	4.745.161.065	(25.536.329)	4.719.624.736
Cost of Sales (-)	(3.000.979.505)	(1.532.280.683)	-	(4.533.260.188)	-	(4.533.260.188)
Gross Profit / Loss	132.373.164	50.686.935	28.840.778	211.900.877	(25.536.329)	186.364.548

January 1-31 December 2016

Income Statements	Information Technologies	Telecom	Logistics	Total	Elimination	Consolidated
Non Interdepartmental Revenue	2.576.195.411	1.214.420.509	2.986.731	3.793.602.651	-	3.793.602.651
Interdepartmental Revenue	-	-	20.391.401	20.391.401	(20.391.401)	-
Sales Revenue	2.576.195.411	1.214.420.509	23.378.132	3.813.994.052	(20.391.401)	3.793.602.651
Cost of Sales (-)	(2.457.809.274)	(1.179.815.036)	-	(3.637.624.310)	-	(3.637.624.310)
Gross Profit / Loss	118.386.137	34.605.473	23.378.132	176.369.742	(20.391.401)	155.978.341

6 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are as follows:

Account Name	31 December 2017	31 December 2016
Cash	51.835	77.077
Bank (Demand Deposits)	56.241.989	24.312.560
Financial Assets held until Maturity (Reverse Repo)	227.743.439	224.313.634
Credit card slips	138.674	1.054.531
Total	284.175.937	249.757.802

Maturities of credit card slips are 1 or 3 days for the current and prior period.

Maturity of reverse repo transactions were 4-32 days and interest income of 177.400 TL was accrued. Reverse repo transaction currency was made in TL, and USD and interest rate of reverse repo transactions for USD were % 0,58-3,67 and for TL is % 6,15 – 12,63 as of December 31,2017.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

Maturity of reverse repo transactions were 1 day and interest income of 17.593 TL was accrued. Reverse repo transaction currency was made in TL, and USD and interest rate of reverse repo transactions for USD were % 0,35-0,90 and for TL is % 6,75 – 8,25 as of December 31,2016.

There are no liens and blocked amounts on cash and cash equivalents as of 31 December 2017 (31 December 2016: None.)

Cash and cash equivalents have been indicated as accrued interest income deducted from cash and equivalents in Group's cash flow statements.

Account Name	31 December 2017	31 December 2016
Cash and Equivalents	284.175.937	249.757.802
Accrued Interest Income (-)	(177.400)	(17.593)
Total	283.998.537	249.740.209

7 FINANCIAL ASSETS & INVESTMENTS

Short- Term Financial Assets & Investments

None.

Long –Term Financial Assets & Investments

All long term financial investments are consist of Financial Assets Ready for Sale.

Details of Financial Assets Available for Sale are as follows:

	31 December 2017	31 December 2016
Shares	63.605	63.605
- Quoted Companies' Shares	-	-
-Unlisted Companies' Shares	63.605	63.605
Total	63.605	63.605

Unlisted share investments are as follows;

Company Name	31 December 2017		Company Name	31 December 2016	
	Share Amount	Rate (%)		Share Amount	
İfin A.Ş.	63.605	99,80		63.605	99,80
Total	63.605			63.605	

Summary of financial information related to unlisted share investments;

31 December 2017

Company Name	Total Asset	Total Liabilities	Total Equity	Net Sales
İfin A.Ş.	3.833.231	3.373.202	460.029	9.328.959
Total	3.833.231	3.373.202	460.029	9.328.959

31 December 2016

Company Name	Total Asset	Total Liabilities	Total Equity	Net Sales
İfin A.Ş.	812.425	388.392	424.033	5.767.123
Total	812.425	388.392	424.033	5.767.123



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

8 SHORT-TERM AND LONG-TERM LIABILITIES AND SHORT-TERM PORTIONS OF LONG-TERM LIABILITIES

Short-Term financial liabilities are as follows:

Account Name	31 December 2017	31 December 2016
Bank Loans	109.114.561	119.275.119
Financial Lease Payables	374.413	392.870
Interest Payables Of Deffered Lease Cost (-)	(13.042)	(26.989)
Total	109.475.932	119.641.000

The short-term portion of long-term liabilities as of the end of period is as follows:

Account Name	31 December 2017	31 December 2016
Short.Por.Long-Term Liab.	30.535.801	74.988.612
Total	30.535.801	74.988.612

The details of the Long Term Bank Loans for the years ended are as follows:

Account Name	31 December 2017	31 December 2016
Bank Loans	16.902.276	1.770.872
Financial Lease Payables	33.437	307.016
Interest Payables Of Deffered Lease Cost (-)	(2.287)	(11.060)
Total	16.933.426	2.066.828

Company's associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s 2.065.494 TL from their short term loans , 30.535.801 TL from their short term part of their long term loans and 16.902.275 TL from their long term loans, consummately, total amount of 49.503.571 TL loans (31 December 2016 76.759.484 TL) have been used for 12, 24 and 36 months contract campaign cell phones' financing.

All these credits are under the guarantee of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.). Receivables from the customers within these contracted campaigns are transferred to the Türk Telekom Group and are collected by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) and paid to the banks. Our company use credit for assign the receivables which arise as a result of our device sales to financial corporations. Required by the assignment, capital and amount of interest of the credit have been paid by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) at it's maturity.

The transferred receivables which are collected by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) are received through the disposition and the irrevocable to the factoring firms.. According to the disposition conditions, the amount of loan's and factoring's principal and interests are paid by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) at their maturity.

The reconciliation of financial borrowing is as follows:

Account Name	31.12.2017	31.12.2016
Opening Balance	196.696.440	322.422.080
Current Period Principal Inflow	361.494.420	85.704.589
Current Period Principal Outflows	(402.042.471)	(211.981.190)
Period Ending interest accrual	796.770	550.961
Closing Balance	156.945.159	196.696.440

The details of the Short Term Bank Loans are as follows:



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Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

31 December 2017

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Short Term Loans			
TL Loans		78.772.813	16,61-18,24
EUR Financial Lease Payables	80.029	361.371	6,21%
USD Loans	8.044.155	30.341.748	5,18-5,43
Total Loans		109.475.932	

31 December 2016

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Short Term Loans			
TL Loans		45.577.053	11,41 – 11,52
TL Financial Lease Payables		86.431	16
EUR Financial Lease Payables	75.325	279.450	5
USD Loans	20.941.710	73.698.066	1,5
Total Loans		119.641.000	

Details of the short-term portion of long-term liabilities as of the end of period is as follows:

31 December 2017

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
TL Loans		30.535.801	11,54-18,75
Total Loans		30.535.801	

31 December 2016

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
TL Loans		74.988.612	11,54-16,44
Total Loans		74.988.612	

The details of the Long Term Bank Loans are as follows:

31 December 2017

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Long Term Loans			
TL Loans		16.902.278	15,75-18,75
TL Lease Payables	6.898	31.148	6,21
Total Loans		16.933.426	



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

31 December 2016

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Long Term Loans			
TL Loans		1.770.872	11,48-16,44
TL Lease Payables	79.775	295.956	5
Total Loans		2.066.828	

Maturity Information of Bank Loans Liabilities is as follows;

	31 December 2017	31 December 2016
0-12 months	140.011.733	194.629.612
12-60 months	16.933.426	2.066.828
Total	156.945.159	196.696.440

9 OTHER FINANCIAL LIABILITIES

None.

10 TRADE RECEIVABLES AND PAYABLES

Short-Term trade receivables are as follows:

Account Name	31 December 2017	31 December 2016
Trade Receivables	903.172.654	669.739.482
<i>Due from Related Parties (Note:37)</i>	1.654.639	961.867
<i>Other Receivables</i>	901.518.015	668.777.615
<i>-Other Receivables</i>	834.279.138	572.347.624
<i>-Assigned Receivables</i>	67.238.877	96.429.991
Notes Receivables	215.888.241	241.058.899
Rediscount on Receivables (-)	(19.589.634)	(15.903.912)
Doubtful Receivables	14.094.833	11.687.302
Provision for Doubtful Receivables (-)	(14.094.833)	(11.687.302)
Total	1.099.471.261	894.894.469

Our associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s 67.238.877 TL' (31 December 2016 96.429.991 TL) from their short term part of the assigned receivables are used for sales 12, 24 and 36 months forward commitment campaigns through the subsidiaries of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) and these mobile devices receivables are under the guarantee of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.). At the same time the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) collects receivables of devices from their subscribers. Our company use 32.601.295 TL (31 December 2016 74.988.612 TL) part of credit for assign the receivables which arise as a result of our device sales to financial corporations. Required by the assignment, capital and amount of interest have been paid by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) at it's maturity.

The transferred receivables which are collected by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) are received through the disposition and the irrevocable to the factoring firms .. According to the disposition conditions, the amount of loan's and factoring's principal and interests are paid by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) at their maturity.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

Short-term assigned receivables maturities are as follows:

Assigned Receivables	31 December 2017	31 December 2016
0-3 month	12.712.494	38.892.682
3-12 month	54.526.383	57.537.309
Total	67.238.877	96.429.991

Long-Term trade receivables are as follows:

Account Name	31 December 2017	31 December 2016
Trade Receivables	21.256.686	2.077.902
<i>Due from Related Parties</i>	-	-
<i>Other Receivables</i>	21.256.686	2.077.902
Rediscount on Assigned Receivables (-)	(4.354.410)	(307.030)
Total	16.902.276	1.770.872

Our associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s 21.256.686 TL (31 December 2016 2.077.902 TL) from their long term part of the assigned receivables are used for sales 12, 24 and 36 months forward commitment campaigns through the subsidiaries of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) and these mobile devices receivables are under the guarantee of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.).

Our company use credit for assign the receivables which arise as a result of our device sales to financial corporations. Required by the assignment, capital and amount of interest have been paid by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) at it's maturity.

The transferred receivables which are collected by the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) are received through the disposition and the irrevocable to the factoring firms.. According to the disposition conditions, the amount of loan's and factoring's principal and interests are paid by Avea İletişim Hizmetleri at their maturity.

Term structure of the short term dispositions are as follows;

Assigned Receivables	31 December 2017	31 December 2016
13-36 month	21.256.686	2.077.902
Total	21.256.686	2.077.902

As the date of 31 December 2017, 88.495.563 TL amount , as point out above is the part of 1.099.471.261 TL short term and 16.902.276 TL long term on the brink of total amount of 1.116.373.537 TL receivables, is under the guarantee of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) and the assurance was taken from customers of the group for 216.658.308 TL receivables. 363.847.650 TL of the remaining 811.219.666 TL receivables are under assurance of Euler Hermes.

As the date of 31 December 2016, 98.507.893 TL amount , as point out above is the part of 894.894.469 TL short term and 1.770.872 TL long term on the brink of total amount of 896.665.341 TL receivables, is under the guarantee of the Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. ve TTNET A.Ş.) and the assurance was taken from customers of the group for 79.444.445 TL receivables. 230.015.185 TL of the remaining 718.713.003 TL receivables are under assurance of Euler Hermes.

The movement of Doubtful Receivables is as follows:

	January 1, 2017 December 31, 2017	January 1, 2016 December 31, 2016
Opening Balance	(11.687.302)	(11.218.666)
Collections in current period (+)		44.104
Period Expenses (-)	(2.407.531)	(512.740)
Period-end Balance	(14.094.833)	(11.687.302)



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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Maturity analysis of trade receivable overdue that is not assessed for impairment is as follows;

	31 December 2017	31 December 2016
Up to 3 Months	1.978.232	2.607.397
Between 3- 12 Months	1.519.996	438.487
Total	3.498.228	3.045.884

Explanations concerning the nature risk and level of risk of trade receivables are disclosed in **Note: 38**

Details of Trade payables for the year ended are as follows:

Account Name	31 December 2017	31 December 2016
Suppliers	1.268.756.140	797.245.921
<i>Other Suppliers</i>	1.265.487.871	797.140.572
<i>Due to Related Suppliers (Note:37)</i>	3.268.269	105.349
Notes Payable	-	2.233.315
Rediscount on Payable (-)	(18.008.333)	(6.744.393)
Total	1.250.747.807	792.734.843

There are not any long-term trade payables for the years ended 31 December 2017 and 31 December 2016.

Average Maturity of Trade receivables and payables are under three months. The trade receivables and payables in TL were discounted using the compound interest rate specified in Government Bonds. Receivables and payables in USD and EURO are discounted using Libor and Euro Libor rates respectively TL % 13,5 USD % 2,1067 and EURO %(0,24386). (31 December 2016 Rates TL % 10 , USD % 1,68567 and EURO %(0,08629)

11 OTHER RECEIVABLES AND PAYABLES

Short-term other receivables are as follows:

Account Name	31 December 2017	31 December 2016
Deposits and Guarantees Given	14.105	14.105
Other Receivables	974	82.496
Due From Personnel	306.288	346.749
Non-commercial Receivables Due From Related Parties (Note:37)	30.045	56.924
Total	351.412	500.274

Long-term other receivables are as follows:

Account Name	31 December 2017	31 December 2016
Deposits and Guarantees Given	51.685	51.685
Total	51.685	51.685

Explanations concerning the nature risk and level of risk of trade receivables are disclosed in **Note: 38**

Short-term other payables for the years ended are as follows:

Account Name	31 December 2017	31 December 2016
Taxes, Duties Payable and Other Fiscal Liabilities	25.886.712	9.588.400
Non-commercial Payables Due to Related Parties (Note:37)	-	-
Other	95.409	8.557
Total	25.982.121	9.596.957

12 FINANCIAL INSTRUMENTS

Financial Instruments found in Current Assets

Account Name	31 December 2017	31 December 2016
Derivative Financial Instruments Receivables	-	97.733
Total	-	97.733



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Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017
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The Group as of 31 December 2016 has made a 6.394.855 USD foreign currency purchase agreement. All of the amount's maturity is 0-3 months. The fair value of these agreements as of 31 December 2017 is 22.407.041 TL and the valuation difference of 97.733 TL has been written as income.

Derivative Financial Instruments found in Short-Term Liabilities;

Account Name	31 December 2017	31 December 2016
Derivative Financial Instruments Payables	1.308.094	-
Total	1.308.094	-

The Group as of 31 December 2017 has made a 11.893.284 USD foreign currency purchase agreement. All of the amount's maturity is 0-12 months. The fair value of these agreements as of 31 December 2017 is 56.533.994 TL and the valuation difference of 1.308.094 TL has been written as expense.

13 INVENTORIES

Inventories for the periods ended are as follows:

Account Name	31 December 2017	31 December 2016
Commercial Goods	401.442.835	158.560.043
Goods in Transportation	37.640.633	26.180.756
Decrease in Value of Inventory (-)	(8.509.687)	(4.097.895)
Total	430.573.781	180.642.904

Inventories whose invoices are received at an earlier date than their physical entry in the warehouses are classified under the account "Goods in Transit"

The Movements in Provision for Decrease in Value of Inventories

	01 January 2017 31 December 2017	01 January 2016 31 December 2016
Opening Balance (-)	(4.097.895)	(5.300.462)
Translation Differences	-	-
Provision for the Period(-)	(4.411.792)	1.202.567
Period-End Balance	(8.509.687)	(4.097.895)

The provision for decrease in value of stocks is calculated with increasing percentages for the goods waiting in the inventory more than 3 months depending upon increase in the inventory turnover rate.

As of 31 December 2017, **38.721.298 TL** of the inventories is presented with their net realizable value and the remaining balance is presented with their cost in the financial statements. (As of 31 December 2016, **13.989.077 TL** of the inventories is presented with their net realizable value and the remaining balance is presented with their cost in the financial statements)

Explanation	31 December 2017	31 December 2016
Cost	47.230.985	18.086.972
Provision for Decrease in value of Inventories	(8.509.687)	(4.097.895)
Net Realizable Value (a)	38.721.298	13.989.077
Inventory presented with its cost value (b)	391.852.483	166.653.827
Total Inventories (a+b)	430.573.781	180.642.904

There is no inventory given as a guarantee for a liability.

Total Amount of Insurances on Assets is disclosed in **Note: 22.**

The information related to inventories recognised as expense in the current period is disclosed in **Note: 28.**



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

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14 BIOLOGICAL ASSETS

None.

15 PREPAID EXPENSES AND DEFERRED INCOME

Short-Term :

Prepaid Expenses as of 31 December 2017 and 31 December 2016 are as follows:

Account Name	31 December 2017	31 December 2016
Prepaid Expenses for Following Mon.	2.694.396	2.874.376
Work Advances Given	5.195.891	8.600.951
Total	7.890.287	11.475.327

Deferred Income are as follows:

Account Name	31 December 2017	31 December 2016
Work Advances Received	58.005.823	127.465.450
Income Relating to Future Mon.	24.256.671	18.350.572
Total	82.262.494	145.816.022

As the date of 31 December 2017, 36.401.733 TL amount of the advances originated from property sales advances of Teklos Teknoloji Lojistik Hizmetleri A.Ş. The amount of 2.483.725 TL is also originated from received advances for unit sales of Datagate Bilgisayar Malzemeleri A.Ş.

As the date of 31 December 2016, 117.450.394 TL amount of the advances originated from property sales advances of Teklos Teknoloji Lojistik Hizmetleri A.Ş. The amount of 2.053.136 TL is also originated from received advances for unit sales of Datagate Bilgisayar Malzemeleri A.Ş.

Amounts that have been invoiced however not delivered are recorded in the "income from following months" account. This is because the IAS 18 requirements (delivery, transfer of risk, etc) have not been fulfilled.

16 INVESTMENTS EVALUATED BY EQUITY METHOD

Company Name	Participation Rate	31 December 2017	31 December 2016
Neteks İletişim Ürünleri Dağıtım A.Ş.	50	8.764.917	9.363.466
Neteks Teknoloji Ürünleri A.Ş.	50	6.620	-
Total		8.771.537	9.363.466

Investments accounted for using the Equity Method have been shown below through the Fair Value Movement Schedule as follows:

	31 December 2017	31 December 2016
January 1 Opening	9.363.466	10.193.899
Participate in Neteks Teknoloji A.Ş.	12.500	-
Share from Period Profit	(1.234.080)	(2.305.118)
Foreign Currency Translation Differences	629.651	1.474.685
December 31 Closing	8.771.537	9.363.466

As of December 31, 2017 and December 31, 2016 the group's investments valued by equity method included 616.776 TL goodwill.

Information regarding Investments accounted for using the Equity Method can be found in Note: 4.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

17 INVESTMENT PROPERTIES

Details of investment properties are as follows:

	31 December 2017	31 December 2016
Revenue Sharing subjected Real Estates	12.701.216	27.757.031
Other Investment Properties	2.642.108	2.666.004
Total	15.343.324	30.423.035

The details of revenue sharing subjected real estates are as follows:

31 December 2017

Cost

Account Name	January 1, 2017	Purchases	Disposals	Transfer(*)	31 December 2017
Land	17.863.263	-	(9.689.292)	-	8.173.971
Land Improvements	44.297	-	(24.027)	-	20.270
Buildings	14.872.587	-	(8.067.106)	-	6.805.481
Total	32.780.147	-	(17.780.425)	-	14.999.722

Accumulated Depreciation

Account Name	January 1, 2017	Amortization	Disposals	Transfer	31 December 2017
Land Improvements	(44.297)	-	24.027	-	(20.270)
Buildings	(4.978.819)	-	2.700.583	-	(2.278.236)
Total	(5.023.116)	-	2.724.610	-	(2.298.506)
Net Value	27.757.031	-	(15.055.815)		12.701.216

The details of other investment properties are as follows:

31 December 2017

Cost

Account Name	January 1, 2017	Purchases	Disposals	Transfer(*)	31 December 2017
Land	1.571.151	-	-	-	1.571.151
Buildings	1.194.805	-	-	-	1.194.805
Total	2.765.956	-	-	-	2.765.956

Accumulated Depreciation

Account Name	January 1, 2017	Amortization	Disposals	Transfer	31 December 2017
Land Improvements	-	-	-	-	-
Buildings	(99.952)	(23.896)	-	-	(123.848)
Total	(99.952)	(23.896)	-	-	(123.848)
Net Value	2.666.004				2.642.108

As of 31 December 2017, revenue sharing agreed real estate is stated in financials with cost value, and net book value of this is 12.701.216 TL (31 December 2016 27.757.031 TL). Remaining 2.642.108 TL (31 December 2016 2.666.004 TL) net book value consist of real estates acquired from dealers in İstanbul and Tekirdağ for their receivables. Group management consider that the marketable value is close to the book value.

Teklos A.Ş, 3 landowners and contractor firm Seba İnşaat A.Ş have agreed on revenue sharing proportions %40,5, %6 and %53,5 respectively.

- Time of completion has determined 36 months as from permit date and the deadline is 19.01.2018.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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- Project is all about workplace; construct on 24.651 m2 land, total construction area is 106.330 m2, sellable land area is 62.362 m2 and the project is made up of 204 independent parts in total.
- With receiving the building license, our associated partner Teklos A.Ş's estimated gain (includes VAT) is calculated over 90 millions USD approximately.
- "Building license" has taken from Sarıyer Municipality on the date of 19.01.2015.

As of 31 December 2017, 33.826 m2 of 62,162 m2 of salable construction area has been delivered to the beneficiaries. Revenue related to sales of real estate subject to revenue sharing is amounting to TL 123.943.783. The net value for the sale of investment property subject to revenue sharing is TL 15.055.815 and gross profit is TL 108.887.968.

The informations about redemption and depreciation expenses' accounted accmpts are placed in Note: 30-31.

The informations of the investment properties' depreciation ratios and their methods are placed in Note:2.08.16.

Rental income of the investment properties in current period is non-available.

The expenses of investment properties are accounted from within operational expenses. (Note:31)

Every mortgage, limitations and exegesis can be found in **Note:22**. Apart form that there is no limitation over the liquidity of properties and usage of cash which come from revenues. Assurances on asset value are placed in **Note:22**.

31 December 2016

Cost

Account Name	January 1, 2016	Purchases	Disposals	Transfer(*)	31 December 2016
Land	19.434.414	-	-	-	19.434.414
Land Improvements	44.297	-	-	-	44.297
Buildings	16.196.105	-	(128.713)	-	16.067.392
Total	35.674.816	-	(128.713)	-	35.546.103

Accumulated Depreciation

Account Name	January 1, 2016	Amortization	Disposals	Transfer	31 December 2016
Land Improvements	(44.297)	-	-	-	(44.297)
Buildings	(5.059.381)	(23.895)	4.505	-	(5.078.771)
Total	(5.103.678)	(23.895)	4.505	-	(5.123.068)
Net Value	30.571.138				30.423.035



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

18 TANGIBLE FIXED ASSETS

The Fixed Assets details for the years ended are as follows

31 December 2017

Cost Value

Account Name	January 1, 2017	Additions	Disposals (-)	Transfer	31 December 2017
Machinery, Plants&Equipments	4.056.644	5.537	-	-	4.062.181
Motor Vehicles	2.690.648	1.398.680	(724.640)	-	3.364.688
Furniture & Fixtures	8.477.965	817.895	-	-	9.295.860
Leasehold improvements	5.193.924	288.079	-	-	5.482.003
Total	20.419.181	2.510.191	(724.640)	-	22.204.732

Accumulated Depreciation

Account Name	January 1, 2017	Amortization	Disposals (-)	Transfer	31 December 2017
Machinery, Plants&Equipments	(2.866.217)	(476.421)	-	-	(3.342.638)
Motor Vehicles	(2.334.473)	(214.140)	643.544	-	(1.905.069)
Furniture & Fixtures	(6.436.489)	(831.139)	-	-	(7.267.628)
Leasehold improvements	(2.785.585)	(1.033.340)	-	-	(3.818.925)
Total	(14.422.764)	(2.555.040)	643.544	-	(16.334.260)

Net Value	5.996.417	5.870.472
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31 December 2016

Cost Value

Account Name	January 1, 2016	Additions	Disposals (-)	Transfer	31 December 2016
Machinery, Plants&Equipments	4.056.644	-	-	-	4.056.644
Motor Vehicles	2.734.411	224.035	(267.798)	-	2.690.648
Furniture & Fixtures	7.232.796	879.005	(229.006)	595.170	8.477.965
Leasehold improvements	5.078.215	115.709	-	-	5.193.924
Total	19.102.066	1.218.749	(496.804)	595.170	20.419.181

Accumulated Depreciation

Account Name	January 1, 2016	Amortization	Disposals (-)	Transfer	31 December 2016
Machinery, Plants&Equipments	(2.386.845)	(479.372)	-	-	(2.866.217)
Motor Vehicles	(2.283.904)	(302.771)	252.202	-	(2.334.473)
Furniture & Fixtures	(5.789.393)	(872.614)	225.518	-	(6.436.489)
Leasehold improvements	(1.801.008)	(984.577)	-	-	(2.785.585)
Total	(12.261.150)	(2.639.334)	477.720	-	(14.422.764)

Net Value	6.840.916	5.996.417
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Other Information

The depreciation and amortization expenses are recognised under the operational expenses

Amount of Insurances on Assets is disclosed in **Note: 22.**



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

19 INTANGIBLE FIXED ASSETS

31 December 2017

Cost Value

Account Name	January 1, 2017	Additions	Disposals (-)	Taransfer	31 December 2017
Rights	4.187.206	347.065	(143.850)	-	4.390.421
Other Intangible Fixed Assets	130.810	-	-	-	130.810
Total	4.318.016	347.065	(143.850)	-	4.521.231

Accumulated Depreciation

Account Name	January 1, 2017	Amortization	Disposals (-)	Transfer	31 December 2017
Rights	(955.647)	(298.759)	1.502	-	(1.252.904)
Total	(955.647)	(298.759)	1.502	-	(1.252.904)

Net Value	3.362.369				3.268.327
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Other intangible assets consist of art objects. They are not subject to depreciation due to their indefinite useful life.

31 December 2016

Cost Value

Account Name	January 1, 2016	Additions	Disposals (-)	Taransfer	31 December 2016
Rights	3.924.874	1.106.802	(249.300)	(595.170)	4.187.206
Other Intangible Fixed Assets	130.810	-	-	-	130.810
Total	4.055.684	1.106.802	(249.300)	(595.170)	4.318.016

Accumulated Depreciation

Account Name	January 1, 2016	Amortization	Disposals (-)	Transfer	31 December 2016
Rights	(719.522)	(236.125)	-	-	(955.647)
Total	(719.522)	(236.125)	-	-	(955.647)

Net Value	3.336.162				3.362.369
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Other intangible assets consist of art objects. They are not subject to depreciation due to their indefinite useful life.

The depreciation and amortization expenses are recognised under the operational expenses.

Goodwill	31 December 2017	31 December 2016
Opening Balance	1.897.699	1.897.699
Additions	-	-
Disposals/ Sales	-	-
Closing balance	1.897.699	1.897.699

The goodwill amount, which is also the opening balance, is related to Datagate Bilgisayar A.Ş., one of the participations of the Company. The goodwill amount is reviewed at least once annually. The last evaluation of Datagate was made on 31 December 2017 and no impairment was determined. There was not any impairment for the goodwill as of 31 December 2016. The goodwill amount for this company is reviewed at each balance sheet date. During review of goodwill, the present value of the cash amounts, which are obtained by the mentioned company, is calculated.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

20 LIABILITIES IN THE SCOPE OF EMPLOYEE BENEFITS

The Liabilities in the Scope of Employee Benefits for the periods ended 31 December 2017 and 31 December 2016 are as follows:

Account Name	31 December 2017	31 December 2016
Payables to Employees	7.018	2.209
Social Security Institution Payable	1.144.086	966.778
Total	1.151.104	968.987

21 GOVERNMENT GRANT AND ASSISTANCE

None.

22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Account Name	31 December 2017	31 December 2016
Provisions for Price Differences	25.868.370	41.379.749
Provision for Litigations	318.710	920.254
Total	26.187.080	42.300.003

31 December 2017	Provision for Litigations	Price Differences	Total
As of January 1	920.254	41.379.749	42.300.003
Additions	-	25.868.370	25.266.826
Payments / Offsetting	(601.544)	(41.379.749)	(41.379.749)
As of 31 December 2017	318.710	25.868.370	26.187.080

31 December 2016	Provision for Litigations	Price Differences	Total
As of January 1	891.857	37.441.935	38.333.792
Additions	28.397	41.379.749	41.408.146
Payments / Offsetting	-	(37.441.935)	(37.441.935)
As of 31 December 2017	920.254	41.379.749	42.300.003

Price difference invoices are taken from customers for the products sold in different prices from previous period and provisions are made for them. Also targets have been given to customers in order to increase the sales and turnover premium, credit note, price difference, etc. invoices are taken from customers in the event of targets achieved by the customers and provisions are made for them.

ii) Contingent Assets and Liabilities:

31 December 2017

As of 31 December 2017, for the lawsuits initiated against Group, provision amount **TL 318.710** is reflected to the financial statements. Almost all of the provisions for litigations consist of custom lawsuits.

31 December 2016

As of 31 December 2016, for the lawsuits initiated against Group, provision amount **TL 920.254** is reflected to the financial statements. Almost all of the provisions for litigations consist of custom lawsuits.



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

iii) Contingent Liabilities and Commitments:

31 December 2017

	TL	USD	EURO
Bailment Given	208.161.876	10.815.000	-
Guarantee Letters given	196.749.002	12.765.000	-
Total	404.910.878	23.580.000	-

31 December 2016

	TL	USD	EURO
Bailment Given	125.187.876	10.050.000	-
Guarantee Letters given	138.067.038	17.470.000	-
Total	263.254.914	27.520.000	-

Guarantee letters are given to some public institutions, domestic and foreign sellers which Group purchase from. They are the guarantee of liabilities obtained from purchase of goods. There is no cash out-flow related with the guarantee letters due to the liabilities are paid on their maturity.

iv) Total Insurance Coverage on Assets:

31 December 2017

Type of Insured Assets	USD	TL
Trade goods	105.000.000	-
Vehicles	-	3.033.257
Plants machinery and equipment	1.455.000	3.332.541
Total	106.455.000	6.365.798

Additional informations related trade receivables insurance are enclosed in **Note:10**.

31 December 2016

Type of Insured Assets	USD	TL
Trade goods	98.500.000	-
Vehicles	-	2.451.560
Plants machinery and equipment	2.480.704	3.392.541
Total	100.980.704	5.844.101

v) The ratio of Mortgages and Guarantees Given to Shareholders' Equity is as follows:

Mortgages & Guarantees Given by the Group	31 December 2017 Foreign Currency Amount	31 December 2017 TL Amount	31 December 2016 Foreign Currency Amount	31 December 2016 TL Amount
A. Total amount of M&G Given on behalf of the Group	-	244.897.305	-	199.547.462
Guarantee Letter (USD)	12.765.000	48.148.303	17.470.000	61.480.424
Guarantee Letter (EURO)	-	-	-	-
Guarantee Letter (TL)	196.749.002	196.749.002	138.067.038	138.067.038
Guarantee notes and cheques(TL)	-	-	-	-
Lien	-	-	-	-
Mortgage(USD)	-	-	-	-
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation	-	248.954.975	-	160.555.836
Bailment (USD)	10.815.000	40.793.099	10.050.000	35.367.960
Bailment (EURO)	-	-	-	-
Bailment (TL)	208.161.876	208.161.876	125.187.876	125.187.876
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.	-	-	-	-
D. Total Amount of other M&G Given	-	-	-	-
i. Total Amount of M&G Given on behalf of main shareholder	-	-	-	-
ii. Total Amount of M&G Given on behalf of other affiliated companies which cannot be classified under section B and C.	-	-	-	-
iii. Total Amount of M&G Given on behalf of the third person that cannot be classified under section C.	-	-	-	-
Total	-	493.852.280	-	360.103.298



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

Amounts stated in the above table are the amounts in TL at the end of the period.

The ratio of Mortgages and Guarantees Given to Shareholders' Equity is 0 %. (0 % as of 31 December 2016)

23 COMMITMENTS

None.

24 EMPLOYEE BENEFITS

Account Name	31 December 2017	31 December 2016
Provision for Employment Termination	4.148.419	3.900.772
Total	4.148.419	3.900.772

Under the Turkish Labor Law, the Group is required to pay employee termination benefits to each employee, who has entitled to receive provisions for employee termination benefits in accordance with the effective laws. Additionally the Company is required to pay employee who has the right of severance with termination indemnity. The maximum employee termination benefit payable as of January 1, 2018 is TL 5.001,76 (31 December 2016: TL 4.426,16) and taken into consideration in the calculations of the Group's provision for termination indemnities.

Termination indemnity payable is calculated by forecasting the present value of currently working employee's possible future liabilities. IAS 19 ("Employee Termination Benefits") predicts to build up Group's liabilities with using actuarial valuation techniques in context of defined benefit plans. According to these predictions, actuarial assumptions used in calculation of total liabilities are as follows.

The principal assumption is that the maximum liability for each year of service will increase in line with the inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the financial statements dated as of 31 December 2017, the provision was calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the balance sheet dates have been calculated assuming an annual inflation rate of 8 % and a discount rate of 12 %. With that the real discount rate of 3,70 % (31 December 2016: 3,51 %) was used in the computation. These expectations are reviewed every balance sheet period and revised if required.

As the date 31 December 2017, The probability of make not provision in relation to benefit obligation is approximately %97,29. (31 December 2016: % 97,97)

	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
January 1	3.900.772	3.293.817
Service Cost	460.286	464.847
Actuarial Loss / Gain	(256.978)	250.853
Interest Cost	390.078	329.382
Difference Between Previous Period Provision and Current		
Period Termination Indemnity Paid	509.889	455.401
Payments (-)	(855.628)	(893.528)
Closing Balance	4.148.419	3.900.772

Provision expense for termination indemnities is recognised under the operational expenses.

According to the regulation under IAS 19 released on January 1, 2013 actuarial losses and gains are to be recorded under other comprehensive income in Shareholder's Equity.

The actuarial gains in the current period are TL 256.978. The portion of deferred tax loss/gain that relates to this loss/gain has also been recorded similarly in other comprehensive income, as a result, other comprehensive income is TL 205.582. 210.358 TL was stated in comprehensive income statement after adding 4.776 TL which is regarding the investments valued by equity method.

Previous term, the amount of 250.853 TL is accounted as actuarial gain. As a result of deferred tax income which is related to this amount is accounted as the same as actuarial gain and the new comprehensive income became 200.682 TL because of this transaction.



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The recorded accounts for the current period Termination Indemnity Provision Expenses (Income) are as follows:

	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
General and Administrative Expenses	(1.360.253)	(1.249.630)
Other Real Operating Expenses	-	-
Income/ (Expense) Recorded in Profit and Loss	(1.360.253)	(1.249.630)
Actuarial Losses (*) Recorded in Other Comprehensive Income	256.978	(250.853)
Total Period Expense/ (Income)	(1.103.275)	(1.500.483)

	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Actuarial Losses Recorded in Other Comprehensive Income	256.978	(250.853)
Tax Effect % 20	(51.396)	50.171
Amount	205.582	(200.682)
Minority Actuarial Gain	6.180	(17.436)
Net Amount	211.762	(218.118)

25 ASSETS AND LIABILITIES RELATED TO CURRENT PERIOD TAX

None

26 OTHER ASSETS AND LIABILITIES

Other Current Assets for the years ended, are as follows:

Account Name	31 December 2017	31 December 2016
Credit Note Income Accrual	16.779.327	18.441.708
Deferred VAT	25.222.966	1.453.551
Advances Given For Purchases	149.472	385.972
Total	42.151.765	20.281.231

27 SHAREHOLDERS' EQUITY**i) Minority Shares / Minority Shares Profit / (Loss)**

Account Name	31 December 2017	31 December 2016
Minority Shares	38.938.880	30.318.051
Total	38.938.880	30.318.051

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Opening	30.318.051	29.196.804
Minority Shares Profit - (Loss)	12.679.789	7.379.362
Foreign Exchange Translation Differences	(2.052)	(282.455)
Transfer from Artım A.Ş.	-	(3.842.066)
Increase (decrease) through treasury share transactions, equity	-	(113.029)
Actuarial Gains/Losses from Retirement Plans	(1.404)	17.436
The minority shares of subsidiary's dividend payment	(4.055.504)	(2.038.001)
Total	38.938.880	30.318.051



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2017

(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

Increase (decrease) through treasury share transactions, equity

ii) Capital / Share Capital / Elimination Adjustments

The share capital of the Company is 56.000.000 TL and the share capital consist of 56.000.000 per-shares which each of 1 nominal value. The paid in capital of the Company, which is 56.000.000 TL, consists of A Group shares issued to the name as paid-in capital is 318,18 TL, B Group shares issued to the bear as paid-in capital is 55.999.681,82 TL. A Group of shareholders have the rights to appoint one more of the half member of the Executive Board. After the initial dividend is given from the distribution of profit, A group Shareholders has also the rights to get % 5 of the remaining part.

The Company accepts the Registered Share capital System with the January 20, 2014 dated permission of Capital Market Board and determined the Registered Share Capital ceiling raise from 75.000.000 TL to TL 150.000.000. The decision accepted at Regular Meeting Shareholders of the Group dated May 9, 2014. The permission of the Registered Share Capital ceiling belongs to between 2014-2018 years.

The share capital shown in the consolidated balance sheet is the share capital of the Company. The amounts of share capital of the subsidiaries and the subsidiary account are eliminated mutually.

Shareholder	31 December 2017		31 December 2016	
	Share Percentage %	Share Amount	Share Percentage %	Share Amount
Nevres Erol Bilecik	% 36,26	20.306.266	% 36,26	20.306.266
Alfanor 13131 AS	% 18,94	10.604.887	% 26,08	14.604.887
Public Shares	% 42,43	23.761.392	% 35,29	19.761.392
Other	% 2,37	1.327.455	% 2,37	1.327.455
Total	% 100	56.000.000	% 100	56.000.000

The ultimate controlling party of the Group is Nevres Erol Bilecik and his family members. Nevres Erol Bilecik's share is %36,26' including publicly shared part.

iii) Capital Reserves

None.

iv) Accumulated Other Comprehensive Income or (Expense) not to be Reclassified in Profit or Loss

The analysis Accumulated Other Comprehensive Income or (Expense) not to be Reclassified in Profit or Loss are as follows:

Account Name	31 December 2017	31 December 2016
January 1 Opening	(592.468)	(374.350)
Actuarial Gains / (Losses) (Note:24)	256.978	(250.853)
Tax Effect (Note:24, Note:35)	(51.396)	50.171
Minority Share Actuarial Gains	1.404	(17.436)
Investments Evaluated by using Equity method and Accumulated Other Comprehensive Income or (Expense) to be Reclassified in Profit or Loss	4.776	
Actuarial Gains and Losses (Net)	(380.706)	(592.468)
Revaluation Gains and Losses	(380.706)	(592.468)
Other Gains and Losses	-	-
Accumulated Other Comprehensive Income or (Expense) not to be Reclassified in Profit or Loss	(380.706)	(592.468)

v) Accumulated Other Comprehensive Income or (Expense) to be Reclassified in Profit or Loss

The Foreign Currency Exchange Differences Movement Schedule is as follows:

	31 December 2017	31 December 2016
January 1 Opening	13.098.437	11.404.396
Additions/Disposals	381.246	1.694.041
End of Period Balance	13.479.683	13.098.437



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vi) Restricted Reserves from Profit

Restricted reserves from profits consist of legal reserves.

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

vii) Previous Years' Profits / (Losses)

Profits of previous years consist of extraordinary reserves, miscellaneous inflation differences and profits of other previous years. In accordance with the CMB's decision numbered 7/242 dated on February 25, 2005; if the amount of net distributable profit based on the CMB's requirement on the minimum profit distribution arrangements, which is computed over the net profit determined based on the CMB's regulations, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, otherwise; all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

Shareholders' Equity as of periods ended is as follows:

Account Name	31 December 2017	31 December 2016
Share capital	56.000.000	56.000.000
Capital Conversion Differences	1.064.323	1.064.323
Withdrawn Shares (-)	(798.565)	(798.565)
Other Comprehensive Income/Expense not to be Reclassified in Profit/Loss	(380.706)	(592.468)
- Revaluation Gains/Losses	(380.706)	(592.468)
Other Comprehensive Income/Expense to be Reclassified in Profit/Loss	13.479.683	13.098.437
- Hedging (Not:9)	-	-
- Foreign Currency Translation Differences	13.479.683	13.098.437
Restricted Reserves From Profit	22.488.830	17.763.662
-Legal Reserves	21.341.780	16.616.612
- Profit from sale of affiliates except from Corporate Tax	1.147.050	1.147.050
Previous Years' Profits	70.165.709	54.591.980
Net Period Loss/ Profit	155.507.468	52.002.244
Parent Company Shareholders' Equity	317.526.742	193.129.613
Minority Shares	38.938.880	30.318.051
Total Shareholders' Equity	356.465.622	223.447.664

Except the profit distribution, allocating legal reserves, share percentage of Artım Bilişim Çözümleri A.Ş was increased from %51 (31.12.2015) to %100. For this reason 3.924.751 TL was offsetted from previous years' profits.

Account Name	31 December 2016
Purchase from Artım A.Ş	7.759.100
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	(3.842.066)
Opening Balance of Artım A.Ş 's minority shares	7.717
Total	3.924.751

The number of withdrawn shares are 162.402 and this withdrawn transaction occurred in 2013. In current period 61.961 amount of Datagate A.Ş.'s shares have been taken back.



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According to 25.02.2005 dated 7/242 numbered Capital Board Regulations; CMB' mandatory minimum profit distribution, guidance out of net distributable profit in the accordance with CMB regulation, to meet whole amount from distributable profit which was stated in legal records, all of this amount, if in case of not being met legal records' net distributable profit amount to be distributed in full.

28 SALES AND COST OF SALES

Sales and cost of sales details which belong twelve months accounting period of the Group are as follows:

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Domestic Sales	4.747.381.408	3.834.431.170
Foreign Sales	31.914.839	36.858.003
Other Sales	50.917.599	37.722.607
Sales Returns (-)	(100.129.274)	(104.496.607)
Other Discounts (-)	(10.459.836)	(10.912.522)
Net Sales	4.719.624.736	3.793.602.651
Cost of Sales (-)	(4.533.260.188)	(3.637.624.310)
Gross Profit / (Loss)	186.364.548	155.978.341

29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES

Other operating expenses which belong twelve months accounting period of the Group are as follows:

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
General Administrative Expenses (-)	(39.586.834)	(32.929.558)
Marketing, Selling and Distribution Expenses (-)	(33.934.194)	(30.882.518)
Total Operating Expenses	(73.521.028)	(63.812.076)

30 EXPENSES RELATED TO THEIR NATURE

Expenses Related to Their Nature of the Group as are as follows:

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Marketing, Selling and Distribution Expenses and General Administrative Expenses(-)	(73.521.028)	(63.812.076)
- Personnel Expenses	(38.630.557)	(35.143.060)
- Logistic and storage expenses	(5.309.491)	(4.558.278)
- Depreciation expenses	(2.877.698)	(2.899.354)
- Rental Expense	(8.111.844)	(6.657.854)
- Communication Expense	(396.317)	(379.568)
- Travelling Expenses	(731.021)	(396.445)
- Transportation Expenses	(1.558.372)	(1.109.264)
- Sale and Foreign Trade Expenses	(533.008)	(613.039)
- Consultancy and Audit Expenses	(1.224.375)	(1.040.822)
- Insurance Expenses	(4.419.046)	(5.130.051)
- Advertisement Expense	(1.117.767)	(594.752)
- Taxes, Duties, Charges Expenses	(174.446)	(156.176)
- Provisions for termination indemnities expenses	(1.360.253)	(1.249.630)
- Doubtful Receivables Provisions	(2.407.530)	(468.636)
- Other Expenses	(4.669.303)	(3.415.147)
Total Operating Expenses	(73.521.028)	(63.812.076)

Depreciation and amortisation expenses and personnel expenses are recognised in operational expenses



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31 OTHER OPERATING INCOME / EXPENSE

Other operating Income / Expense which belong twelve months accounting period, of the Group are as follows:

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Other Income from Operations	130.091.027	101.670.212
Nullified Doubtful Receivables Provisions	620.221	-
Insurance Claim Income		-
Eliminated Interest from Sales	73.224.470	41.069.304
Current Period Accrued Income	27.088.932	14.420.231
Foreign exchange differences Income (trade receivables and payables)	29.078.452	46.155.744
Other Income and Profits	78.952	24.933
Operating from the Other Expenses (-)	(120.809.963)	(112.421.353)
Interest Eliminated from Purchases	(66.506.669)	(37.497.018)
Current Period Rediscount Expenses	(20.373.238)	(18.302.853)
Foreign currency exchange losses (trade receivables and payables)	(32.459.390)	(56.209.022)
Other Expenses and Losses (-)	(1.470.666)	(412.460)
Other Income/Expense (net)	9.281.064	(10.751.141)

32 INCOME/EXPENSES FROM INVESTMENT OPERATIONS

Financial income for the periods ended is as follows:

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Inome from Investment Operatiins	109.273.498	322.268
Profit from Fixed Asset Sales	385.530	322.268
Sales profits of Revenue Sharing subjected Real Estates	108.887.968	
Investment Operatiins Expense (-)	-	-
Other Income/Expense (Net)	109.273.498	322.268

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Profit / (Loss) of Investments evaluated for Equity Method	(1.234.080)	(2.305.118)
Other Income/Expense (Net)	(1.234.080)	(2.305.118)

33 FINANCIAL INCOME/ EXPENSES

Financial Incomes and expenses of the Group are as follows:

Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Interest Income	3.462.296	1.684.413
Foreign Exchange Translation Income	17.095.500	18.000.601
Total Financial Income	20.557.796	19.685.014



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Account Name	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Bank and Interest Expenses	(29.754.932)	(22.256.444)
Foreign Exchange Translation Expense	(9.599.605)	(2.030.870)
Total Financial Expenses	(39.354.537)	(24.287.314)

There are no capitalized financial expenses of Company for current period.

34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS

None.

35 TAX ASSETS AND LIABILITIES

The Company's tax income / (expense) are composed of current period's corporate tax expense and deferred tax income / (expense).

Account Name	31 December 2017	31 December 2016
Provision for Current Period Tax	52.279.158	18.043.378
Prepaid Taxes (-)	(19.656.041)	(10.936.287)
Total Net Tax Payable	32.623.117	7.107.091

The tax assets and liabilities of the Company are as follows:

Account Name	31 December 2017	31 December 2016
Provision for Current Period Tax	(52.279.158)	(18.043.378)
Deferred Tax Income / (Expense)	9.099.154	2.595.010
Total Tax Income / (Expense)	(43.180.004)	(15.448.368)

	31 December 2017	31 December 2016
Beginning of Period Tax Assets / (Liabilities)	11.989.891	9.344.710
Actuarial Gains / (Losses)	(51.396)	50.171
Deferred Tax Income / (Expense)	9.099.154	2.595.010
End of Period Tax Assets / (Liabilities)	21.037.649	11.989.891

i) Provision for Current Period Tax

Companies calculate their temporary taxes on their quarterly financial profits in Turkey. Corporate income as of the temporary tax periods, temporary tax rate of 20 % over the corporate income was calculated and prepaid taxes deducted from taxation on income.

Corporate Tax rate applied in Turkey is 20%. However, the provisional Article 10 of the Law No: 7061 on the Amendment of Certain Tax Laws and Some Other Laws, published in the Official Gazette dated December 5, 2017 and numbered 30261 and the Provisional Article added to the Law on Corporate Income Tax Law No. 5520, , Institutional Tax rate for corporate earnings of the taxation periods of 2019 and 2020 (accounting periods for the institutions that are designated as special accounting period in the related year) shall be applied as 22%. The amendment shall be effective upon taxation of periods beginning on 1 January 2018.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits.

According to Corporate Tax Law's Article: 24, the corporate tax is imposed by the taxpayer's tax returns. There is no procedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 25th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.



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Income Withholding Tax:

In addition to corporate tax, Group should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

ii) Deferred Tax

The deferred tax asset and tax liability is based on the temporary differences, which arise between the financial statements prepared according to CMB's accounting standards and statutory tax financial statements. These differences usually due to the recognition of revenue and expenses in different reporting periods for the CMB standards and tax purposes.

Account Name	Dec. 31, 2017 Accumulated Temporary Differences	Dec. 31, 2017 Deferred Tax Assets / (Liabilities)	Dec. 31, 2016 Accumulated Temporary Differences	Dec. 31, 2016 Deferred Tax Assets / (Liabilities)
Fixed Assets	(2.663.831)	(532.766)	(2.297.581)	(459.516)
Rediscount Expense	99.516.935	21.893.726	61.343.464	12.268.693
Provision for Termination Indemnity	4.148.419	829.684		
Provision for Value Decrease in Inventories	8.509.687	1.872.131	3.900.772	780.154
Rediscount Income	(17.847.305)	(3.926.407)	4.097.895	819.579
Derivatives	1.308.094	287.781	(6.388.751)	(1.277.750)
Other	2.788.641	613.500	(97.733)	(19.547)
			(608.610)	(121.722)
Deferred Tax Asset / Liability		21.037.649		11.989.891
Account Name	December 31, 2017		December 31, 2016	
Deferred Tax Receivables	21.057.671		12.079.772	
Deferred Tax Payables (-)	(20.022)		(89.881)	
Deferred Tax Recei./Payable.	21.037.649		11.989.891	

36 NET EARNINGS PER SHARE

Earnings per share in the income statement are calculated by dividing net income by the weighted average number of common shares outstanding for the period. Company's earnings per share are calculated for the periods are as follows:

	January 1, 2017 31 December 2017	January 1, 2016 31 December 2016
Net Profit For The Period / (Loss)	155.507.468	52.002.244
Weighted Average Number of Common Shares Outstanding	56.000.000	56.000.000
Earnings / (Loss) per Share	2,776919	0,928612
Corresponding to the Preference Shares Gain	24.437,03	8.171,83
The earnings attributable to Common Shares	2,638088	0,882186



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37 EXPLANATIONS OF RELATED PARTIES

a) Receivables and Payables of Related Parties:

January 1, 2017– 31 December 2017

	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
31 December 2017				
Shareholders	-	-	-	-
Neteks A.Ş.	1.130.885	-	-	-
Homend A.Ş.	1.441	25.086	11.670	-
Desbil A.Ş.	-	4.959	-	-
İnfin A.Ş.	-	-	2.550.322	-
Neteks Dış Tic.	254	-	-	-
Despec A.Ş.	522.059	-	706.277	-
Total	1.654.639	30.045	3.268.269	-

January 1, 2016– 31 December 2016

	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
31 December 2017				
Shareholders	-	-	-	-
Neteks A.Ş.	525.269	-	2.543	-
Homend A.Ş.	-	56.216	5.042	-
Desbil A.Ş.	-	708	-	-
İnfin A.Ş.	17.386	-	76.064	-
Neteks Dış Tic.	257	-	-	-
Despec A.Ş.	418.955	-	21.700	-
Total	961.867	56.924	105.349	-

There are no guarantees or mortgages for the related party receivables or payables. There is no provision made for doubtful receivables for the related party receivables. İnfin A.Ş. is the subsidiary which is not included in the consolidation, Neteks Dış Ticaret A.Ş. is the affiliate evaluated by equity method, Desbil, Despec and Homend are other related parties.

The related party balances generally consist from trade transactions. But in some conditions there are cash usages between the related parties. The balances consist from non-trade transactions are classified as non-trade receivables or payables in the financial statements. Interest is calculated for the balances and invoiced quarterly. As of 31 December 2017 the interest rate for USD is % 3,5-4,75 EUR is %3,5-3,75 and TL is % 14-16. (31 December 2016 USD is %3,5 EUR is %3,5 and TL is % 14)

b) Purchases from Related Parties and Purchases from Related Parties:

January 1, 2017– 31 December 2017

Sales to Related Parties	Goods and Service	Cost	Interest and	Total Expense/
	Sales	Allocation	Foreign Exchange Income	Purchases
Desbil A.Ş.	-	7.200	2.826	10.026
Despec A.Ş.	4.856.554	954.353	98.981	5.909.888
Homend A.Ş.	24.839	23.581	-	48.420
İnfin A.Ş.	8.874.971	7.200	143.541	9.025.712
Neteks A.Ş.	194.770	5.892.600	258.915	6.346.285
Total	13.951.134	6.884.934	504.263	21.340.331



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Purchases From Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	-	418	418
Despec A.Ş.	1.670.125	-	29.492	1.699.617
İnfin A.Ş.	4.024.255	39.930	335.166	4.399.351
Neteks A.Ş.	84.716	26.660	155.435	266.811
Total	5.779.096	66.590	520.511	6.366.197

January 1, 2016– 31 December 2016

Sales to Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	7.100	3.872	10.972
Despec A.Ş.	2.178.894	1.200.602	228.445	3.607.941
Homend A.Ş.	26.624	23.245	-	49.869
İnfin A.Ş.	4.217.660	42.129	1.039.601	5.299.390
Neteks A.Ş.	86.131	4.612.556	720.237	5.418.924
Total	6.509.309	5.885.632	1.992.155	14.387.096

Purchases From Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	-	6.304	6.304
Despec A.Ş.	546.334	434	84.869	631.637
Homend A.Ş.	-	-	-	-
İnfin A.Ş.	4.087.468	114.769	463.658	4.665.895
Neteks A.Ş.	79.685	486	206.155	286.326
Total	4.713.487	115.689	760.986	5.590.162

c) Benefits and wages provided to Management Staff

Account Name	January 1, 2017– 31 December 2017	January 1, 2016– 31 December 2016
Short term benefits provided to employees	7.347.969	6.275.856
Employment Termination Benefits	-	-
Other long term benefits	-	-
Total	7.347.969	6.275.856

Benefits and wages provided to Management Staff contain wages of general manager and vice general managers.

38 NATURE AND LEVEL OF RISKS ARISING OUT OF FINANCIAL INSTRUMENTS**(a) Capital Risk Management**

The Group, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and resources on the other hand. The capital structure of the Group consists of debts containing the credits explained in note 8, cash and cash equivalents explained in note 6 and resource items containing respectively issued capital, capital reserves, profit reserves and profits of previous years explained in note 27.

Risks, associated with each capital class, and the capital cost are evaluated by the senior management. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.



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The Group follows the capital by using debt/total capital rate. This rate is found by dividing the net debt by total capital. The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the balance sheet). Total capital is calculated as resources plus net debt as indicated in the balance sheet.

General strategy of the Group based on resources is not different from the previous years.

	December 31, 2017	December 31, 2016
Total Debt	1.581.375.417	1.199.210.996
Minus (-) Cash and Equivalent	(284.175.937)	(249.757.802)
Net Debt	1.297.199.480	949.453.194
Total Shareholder's Equity	356.465.622	223.447.664
Total Share capital	1.653.665.102	1.172.900.858
Rate % (Net Debt / Total Share Capital)	78,44%	80,95%

(b) Important Accounting Policies

The Company's important accounting policies relating to financial instruments are presented in the Note 2.

(c) Risks Exposed

Because of its operations, the Group is exposed to financial risks related to exchange rates and interest rates. The Group as it holds the financial instruments also carry the risk of other party not meeting the requirements of the agreement. Market risks seen at the level of Group are measured according to the sensitivity analysis principle. Market risks faced by the Company in current period or the process of undertaking the faced risks or the process of the measure of faced risks was not changed according to previous year.

(c1) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk. This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized.

The Company is mainly exposed to foreign currency risk due to deposits, receivables and payables.



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As of 31.12.2017, all other variables are stable, if general currency levels was %10 higher, company's profit before tax amount would be 10.973.627 TL higher (31.12.2016 would be 507.117 TL less)

Foreign Exchange Rate Sensitivity Analysis Table

December 31, 2017		
	Profit/Loss	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;		
1- US Dollar Net Asset / Liability	10.665.348	(10.665.348)
2- The part, hedged from US Dollar Risk (-)	-	-
3- US Dollar Net Effect (1+2)	10.665.348	(10.665.348)
In the event of 10% value change of Euro against TL		
4- Euro Net Asset / Liability	308.279	(308.279)
5- The part, hedged from Euro Risk (-)	-	-
6- Euro Net Effect (4+5)	308.279	(308.279)
In the event of 10% value change of Other against TL;		
7- Other Net Asset / Liability	-	-
8- The part, hedged from Other Risk (-)	-	-
9- Other Net Effect (7+8)	-	-
TOTAL	10.973.627	(10.973.627)

Foreign Exchange Rate Sensitivity Analysis Table

December 31, 2016		
	Profit/Loss	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;		
1- US Dollar Net Asset / Liability	(1.299.731)	1.299.731
2- The part, hedged from US Dollar Risk (-)	-	-
3- US Dollar Net Effect (1+2)	(1.299.731)	1.299.731
In the event of 10% value change of Euro against TL		
4- Euro Net Asset / Liability	792.561	(792.561)
5- The part, hedged from Euro Risk (-)	-	-
6- Euro Net Effect (4+5)	792.561	(792.561)
In the event of 10% value change of Other against TL;		
7- Other Net Asset / Liability	-	-
8- The part, hedged from Other Risk (-)	-	-
9- Other Net Effect (7+8)	-	-
TOTAL	(507.171)	507.171



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Table of Foreign Exchange Position

	Current Period			Previous Period		
	TL Value	USD	EURO	TL Value	USD	EURO
1. Trade Receivables	353.468.617	91.342.452	1.978.523	397.954.169	109.599.266	3.302.631
2a. Monetary Financial Assets	234.819.182	61.164.044	911.200	200.636.477	56.267.792	705.912
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	38.521.233	9.799.275	345.332	33.374.979	9.053.603	407.973
4. Current Assets Total (1+2+3)	626.809.032	162.305.771	3.235.056	631.965.625	174.920.661	4.416.516
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Fixed Assets Total (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	626.809.032	162.305.771	3.235.056	631.965.625	174.920.661	4.416.516
10. Trade Payables	411.997.889	106.357.832	2.397.693	470.728.956	132.533.447	1.163.711
11. Financial Liabilities	30.704.093	8.045.173	79.394	73.977.515	20.941.710	75.325
12a. Other Monetary Liabilities	751.104	194.403	3.950	69.530.133	18.743.908	961.366
12b. Other Non-Monetary Liabilities	18.362.964	4.791.166	64.481	-	-	-
13. Total Short Term Liabilities (10+11+12)	461.816.050	119.388.574	2.545.518	614.236.604	172.219.065	2.200.402
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	30.814	-	6.824	295.956	-	79.775
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Total Long Term Liabilities (14+15+16)	30.814	-	6.824	295.956	-	79.775
18. Total Liabilities (13+17)	461.846.864	119.388.574	2.552.342	614.532.560	172.219.065	2.280.177
19. Net Asset/ (Liability) Position of Derivative Instruments off the Balance Sheet (19a-19b)	(55.225.898)	(14.641.400)	-	(22.504.774)	(6.394.855)	-
19a. Total Amount of Hedged Assets	-	-	-	-	-	-
19b. Total Amount of Hedged Liabilities	55.225.898	14.641.400	-	22.504.774	6.394.855	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	109.736.270	28.275.796	682.714	(5.071.709)	(3.693.258)	2.136.340
21. Monetary Items Net Foreign Exchange Asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	144.803.899	37.909.088	401.862	(15.941.914)	(6.352.006)	1.728.367
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-	-	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Assets	(56.533.992)	(14.641.400)	-	(22.407.041)	(6.394.855)	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	-	-	-	-	-	-
23. Export	31.914.839	-	-	36.858.003	-	-
24. Import	461.372.015	-	-	393.751.795	-	-



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c2) Credit Risk and Management

CREDIT TYPES INCURRED IN RESPECT OFFINANCIAL INSTRUMENT TYPES CURRENT PERIOD

c2) <u>Credit Risk and Management</u>	Receivables				Foot Note	Bank Deposits and Repos	Foot Note
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
CREDIT TYPES INCURRED IN RESPECT OFFINANCIAL INSTRUMENT TYPES CURRENT PERIOD							
Maximum credit risk incurred as of the date of reporting (A+B+C+D+E) (*)	1.654.639	1.114.718.898	30.045	373.052		283.985.428	
- The part of maximum risk secured by guarantee etc.	-	669.001.521	-	-			
A. Net book value of financial assets which are undue or which did not decline in value (2)	1.654.639	1.111.348.480	30.045	373.052	10-11	283.985.428	6
B. Net book value of assets, overdue but did not decline in value. (6)	-	3.370.420					
- The part secured by guarantee etc.		-			10-11		- 6
C. Net book values of assets declined in value (4)	-	-	-	-			
- Overdue (gross book value)	-	14.094.833	-	-	10-11		- 6
- Decline in value (-)		(14.094.833)			10-11		- 6
- The part of net value secured by guarantee etc.	-		-		10-11		- 6
- Undue (gross book value)	-	-	-	-	10-11		- 6
- Decline in value (-)					10-11		- 6
- The part of net value secured by guarantee etc.					10-11		- 6
D. Elements containing credit risk off the balance sheet (5)							

PREVIOUS PERIOD

PREVIOUS PERIOD	Receivables				Foot Note	Bank Deposits and Repos	Foot Note
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Maximum credit risk incurred as of the date of reporting (A+B+C+D+E) (*)	961.867	895.704.474	56.924	495.035		248.626.194	
- The part of maximum risk secured by guarantee etc.	-	407.967.522	-	-			
A. Net book value of financial assets which are undue or which did not decline in value (2)	961.867	892.657.590	56.924	495.035	10-11	248.626.194	6
B. Net book value of assets, overdue but did not decline in value. (6)	-	2.314.536					
- The part secured by guarantee etc.		-			10-11		6
C. Net book values of assets declined in value (4)	-	-	-	-			
- Overdue (gross book value)	-	11.687.302	-	-	10-11		6
- Decline in value (-)		(11.687.302)			10-11		6
- The part of net value secured by guarantee etc.	-		-		10-11		6
- Undue (gross book value)	-	-	-	-	10-11		6
- Decline in value (-)					10-11		6
- The part of net value secured by guarantee etc.					10-11		6
D. Elements containing credit risk off the balance sheet (5)							

(*) During the assessment, the elements such as guarantees received which can increase the credibility are not taken into consideration.



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Current Period (31 December 2017)	Receivables	
	Trade Receivables	Other Receivables
1-30 Days Overdue	1.978.232	-
1-3 Months Overdue	958.927	-
More than 3 Months Overdue	561.069	-
The part of net value secured by guarantee etc.	127.808	-

Previous Period (31 December 2016)	Receivables	
	Trade Receivables	Trade Receivables
1-30 Days Overdue	1.536.963	-
1-3 Months Overdue	1.070.433	-
More than 3 Months Overdue	438.487	-
The part of net value secured by guarantee etc.	731.347	-

Guarantees received and other elements, which increase the credibility, mortgages received, bill sureties and guarantee letters are taken into consideration.

The Group's credit risk management exposed from trade receivables. Trade receivables mostly consist from receivables from dealers. The Group has set up an effective control system over its dealers and the risk is monitorized by credit risk management team and Group Management. The Group has set limits for every dealer and these limits are revised if it is necessary. The taking adequate guarantees from dealers are another method for the risk management. There is no significant trade receivable risk for the Group, because the Group has receivables from a wide range of customers instead of a small number customers and significant amounts. Trade receivables are evaluated by taking into consideration of Group's past experience and current economic situation and these receivables are presented with their net values in the balance sheet after the proper provisions for doubtful receivables are made. The low profit margin by force of the sectoral conditions makes collection and credit risk management policies important and the Group management show sensivity in these situations. The detailed information about the collection and risk management policies are as follows;

The Group starts executive proceedings and / or litigate for the receivables overdue for a few months. The Group can configure terms for dealers in difficult situations. The low profit margin by effects of the sectoral conditions makes collection of receivables important. There is a risk management team to minimize the risk of collections and the sales are realized by making credibility evaluations. The sales to new or risky dealers are made in cash.

The Group is selling products to a wide range of institutions which are selling or buying computer and its equipments. The capital structure of the dealers classified as "classic dealers" in the distribution channel is low. It is estimated that there are about 5.000 dealers in this group in Turkey and in terms of risk management to minimize the receivable risk of Datagate by taking steps and establishing its own organisation and working system. The measures taken by the Group is as follows;

The sales to new customers which have no experience more than 1 year: The sales to new customers which have no experience more than 1 year are made in cash.

The information team involved in receivable and risk management department is monitoring the dealers continuously.

Credit Committee: The information about the customers which has experience more than 1 year in the sector and the customers which are demanding an increase for the credit limit are prepared by the information team and presented to credit committee every week. Credit committee consist of Senior Vice President of Finance, Finance Manager, Accounting Manager, information team staff and the Sale Manager of related Customer. Credit Committee establish credit limits to related customers by taking into consideration the information gained from the information team, past payments and sale performances. The Credit Committee determines the conditions and if it is needed they demand for guarantees, mortgages, etc.

Group sales are widespread on Turkey, therefore it reduces the concentration risk.



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Trade receivables are evaluated by taking into consideration the Group policies and procedures and the trade receivables are shown with their net value after the provisions for doubtful receivables are made in the financial statements. (Note: 10)

(c3) Management of interest rate risk

Group's fixed interest financial instruments liabilities are stated in Note: 8. Group's fixed interest assets (deposit etc.) are stated in Note: 6.

Table of Interest Position

	Current Period	Previous Period
Fixed Interest Financial Instruments		
Financial Assets	227.743.439	224.313.634
Financial Liabilities	156.945.159	196.696.440
Floating Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

If there is a %1 increase on TL interest rate and other variables are fixed as of 31 December 2017, profit before tax will be less with the amount of 707.983TL. (31 December 2016: TL 276.212) Important part of Group's financial assets and liabilities with fixed interest rate are short-term. Consequently the financial assets and liabilities with fixed interest rate are taken into consideration. There is no interest rate risk if only financial assets and liabilities with floating rate are taken into consideration.

(c4) Liquidity risk management

The Group tries to manage the liquidity risk by maintaining the continuation of sufficient funds and loan reserves by means of matching the financial instruments and terms of liabilities by following the cash flow regularly.

Liquidity Risk Tables

Prudent liquidity risk management signifies maintaining sufficient cash, the utility of fund sources by sufficient credit transactions and the ability to close out market positions.

Risk of existing or future possible debt requirements being fundable is managed by maintaining the continuation of availability of sufficient numbers and high quality credit providers.

The table below indicates the term divisions of derivative and non-derivative financial liabilities of the Group in TL currency.

31 December 2017

Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	1.433.675.087	1.460.270.138	1.412.902.972	26.077.379	21.289.787	-
Bank Loans	156.552.638	165.127.230	118.071.824	25.798.720	21.256.686	-
Debt Instrument Issue	-	-	-	-	-	-
Financial Lease Liabilities	392.521	404.646	92.886	278.659	33.101	-
Trade Payables	1.250.747.807	1.268.756.140	1.268.756.140	-	-	-
Other Payables	25.982.121	25.982.121	25.982.121	-	-	-
Other	-	-	-	-	-	-



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Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Financial Liabilities	(1.308.094)	(2.118.262)	(1.513.127)	(605.135)	-	-
<i>Derivative Cash Inflows</i>	55.225.900	55.225.900	44.860.277	10.365.623	-	-
<i>Derivative Cash Outflows</i>	(56.533.994)	(57.344.162)	(46.373.404)	(10.970.758)	-	-

(*)The amount of forward transactions consists of **14.641.401 USD to TL**. In liability calculation, derivative cash outflow is calculated using exchange rates valid at the end of term. Derivative cash inflow is calculated using the exchange rate valid on 31 December 2017. Actual profit or loss will arise at the end of term.

31 December 2016

Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	999.028.240	1.008.975.098	966.058.565	40.542.675	2.373.857	-
<i>Bank Loans</i>	196.034.603	199.199.019	156.818.447	40.237.416	2.143.156	-
<i>Debt Instrument Issue</i>	-	-	-	-	-	-
<i>Financial Lease Liabilities</i>	661.837	699.886	163.925	305.259	230.701	-
<i>Trade Payables</i>	792.734.843	799.479.236	799.479.236	-	-	-
<i>Other Payables</i>	9.596.957	9.596.957	9.596.957	-	-	-
<i>Other</i>	-	-	-	-	-	-

Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Financial Liabilities	97.733	(69.969)	(69.969)	-	-	-
<i>Derivative Cash Inflows</i>	22.504.774	22.504.774	22.504.774	-	-	-
<i>Derivative Cash Outflows</i>	(22.407.041)	(22.574.743)	(22.574.743)	-	-	-

(*)The amount of forward transactions consists of **6.394.855 USD to TL**. In liability calculation, derivative cash outflow is calculated using exchange rates valid at the end of term. Derivative cash inflow is calculated using the exchange rate valid on 31 December 2016. Actual profit or loss will arise at the end of term.

(c5) Analyses of other Risks

Risks Related to Financial Instruments, Stocks Etc.

Group has no stocks or similar marketable securities evaluated by fair value in the current period.

39 FINANCIAL INSTRUMENTS (DECLARATIONS WITHIN THE CONTEXT OF FAIR VALUE AND HEDGING)

Aims at financial risk management

The finance department of the Group is responsible for maintaining the access to financial markets, regularly and observing and managing the financial risks incurred in relation with the activities of the Group. The said risks include market risk (including foreign exchange risk, fair interest rate risk and price risk), credit risk, liquidity risk and cash receiving risk.



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Fair Value of Financial Instruments

Fair value is the amount for which a financial instrument could be exchanged except compulsory sale or liquidation process between willing parties and it is determined with its market value if there is a quoted price.

The Group has determined the estimated values of financial instruments by taking into consideration the present market information and proper valuation methods. But determination of market information and estimation of fair value require interpretation and discernment. Consequently the estimations presented are not always the indicators of the values could be realized from a current market transaction.

The methods and assumptions used for the determination of the fair value of the financial instruments are as follows;

Monetary Assets

Balances denominated in foreign currencies are converted into Turkish Lira by the exchange rate ruling at the balance sheet date. It is predicted that these balances are considered to approximate to their net book value.

Financial instruments in which cash and cash equivalents are included are carried by their cost value and it is predicted that their net book value are considered to approximate to their fair values due to their short-term maturity.

It is predicted that the net book value of trade receivables with provisions made for doubtful receivables present their fair values.

Monetary Liabilities

Balances denominated in foreign currencies are converted into Turkish Lira by the exchange rate ruling at the balance sheet date. It is predicted that these balances are considered to approximate to their net book value.

It is predicted that net book value of bank loans and other monetary liabilities are considered to approximate their fair values due to their short-term maturity.

It is predicted that the net book value of trade payables present their fair values due to their short-term maturity.

Fair Value Assessment:

The Group has applied the amendments in IFRS 7 related with the financial instruments evaluated by fair value in the balance sheet effective from the date of January 1, 2009. The amendment in fair value calculations is disclosed in accordance with the steps of hierarchy for fair value mentioned below;

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data.

It is predicted that net book value of foreign currency balances which are converted to TL at the end of the year are considered to approximate to their fair values.

The Group presents its financial investments with their fair values in the financial statements as of 31 December 2017 and 31 December 2016. (Level 2) (Note: 7)

It is accepted that the discounted net book value of financial assets such as cash and cash equivalents present their fair values due to their short-term maturity.

Trade receivables and payables are measured at their discounted cost using the effective interest method and it is accepted that the net book value of these balances are considered to approximate their fair values.

40 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

None.

41 OTHER ISSUES

None.

