İndeks Bilgisayar Sistemleri Mühendislik

Sanayi ve Ticaret Anonim Şirketi

FOR THE YEAR ENDED
31 DECEMBER 2018

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2018

Content

INDEPENDENT AUDITOR'S REPORT

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

Independent Audit of Consolidated Financial Statements

Opinion

As of the period ended 31 December 2018 of the İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi **(Group);** We have audited the financial statements composed of from consolidated financial statements footnotes including the consolidated statement of profit or loss and consolidated other comprehensive income, consolidated statements of changes in shareholders' equity, cash flows and summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of 31 December 2018 as the financial situation and on the same date ended the period its financial performance and its consolidated cash flows for Turkey Accounting Standards (TAS to) offers in a fair manner with appropriate as all important aspects.

Basis for Opinion

We did the audit, Public Oversight, Accounting and Auditing Standards Agency (POA) released by Turkey Auditing Standards, which is part of the Independent Audit Standards (IAS) was carried out accordingly. Our responsibilities within the scope of these Standards are explained in details in our report *Responsibilities of Independent Auditor for Independent Auditing of Consolidated Financial Statements*, section. We hereby declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors issued by the POA (Ethical Rules) and independent auditing of consolidated financial statements. Other responsibilities regarding the Code of Ethics and the ethics covered by the legislation have also been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Significant Audit Matters

Significant audit matters are the most important issues in the independent auditing of the consolidated financial statements for the current period according to our professional judgment. As a whole, significant audit matters are dealt with within the framework of the independent audit of the consolidated financial statements and our opinion regarding the consolidated financial statements and we do not give a separate opinion on these issues.

Trade Receivables	
Look at: Footnote Relating to Consolidated Financial Statements 2.08, Footnote 10 and 38-c2.	
Subject of Significant Audit	**How the Subject Conducted in our Audit**
The Group's Short and Long Term Trade Receivables totaled TL 690.896.081 and accounted for 45,5 % of its consolidated assets. For the trade receivables, an impairment loss of TL 17.074.242 is reserved in the financial statements. The Group uses certain estimates and policies to reduce the carrying amount of trade receivables to their recoverable amounts and to determine the required amount of provisions. Considering the importance of trade receivables in the financial statements, its presence and recoverability is a significant matter for our audit.	Our audit procedures are based on testing whether the appropriate provisions have been appropriated, taking into account collaterals for trade receivables that are not validated and cannot be collected. The effectiveness of internal controls related to financial reporting for receivable risk and dealer receivable monitoring processes were evaluated. The Group's credit risk policy is based on the analysis of trade receivables that are overdue by taking into account the insurance receivables and guarantees received. Third party verification for the purpose of verifying the availability of trade receivables are evaluated and the foreign currency valuation of trade receivables included in the financial statements, receivable accrual (deferred interest income) etc. other valuation transactions have been recalculated. The appropriateness of the provisions to be taken into consideration in respect of the aging results of the receivables, economic conditions, past collection capability, lawsuits filed and execution proceedings as well as guarantees received, receivable insurance amounts and subsequent collections were evaluated. The appropriateness of the disclosures in the notes to the trade receivables are examined.

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Provision for Inventory Impairment and Inventory	
Look at: Footnote Relating to Consolidated Financial Statements 2.08 and Footnote 13.	
Subject of Significant Audit	**How the Subject Conducted in our Audit**
The Group's inventory amounts to TL 267.621.577 and it constitutes 17,61 % of its consolidated assets. Due to technological developments and changes, the products in the inventories may suffer from technological aging and low price impairment. In this context, impairment loss amounting to TL 9.661.462 is included in the financial statements. The Group uses some estimates to bring its depreciated inventories to net realizable value as a result of outdated or technological developments. These estimates and assumptions are based on technological products and their waiting times in inventory. The importance of inventories and loss of value is a significant issue for our audit.	Our audit procedures are based on testing the existence and net realizable value of the Group's inventories. Accuracy of the inventory amount in the financial statement The Group's inventory physical counting results are evaluated together with the documents and documents related to stock movements. The Group measures the net realizable value of inventories based on the waiting periods in inventory and allocates the provision for impairment to the inventories based on the assumptions that have been made in accordance with this measurement. The appropriateness of the inventory impairment of the Group has been evaluated by evaluating the provision calculation method in a critical manner and the provision for impairment of the inventories has been recalculated. The appropriateness of the disclosures in the notes to the inventories and inventory impairment is evaluated.

Trade Payables	
Look at: Footnote Relating to Consolidated Financial Statements 2.08 and Footnote 10.	
Subject of Significant Audit	**How the Subject Conducted in our Audit**
The Group's trade payables amount to TL 649.678.353 and it constitutes 42,76 % of the consolidated liabilities. Verification of trade payables due to the size of the Group's trade payables is a significant issue for our audit.	Our audit procedures are based on testing the accuracy of Trade Payables. The third party verification for the purpose of verifying the existence of trade payables has been evaluated and foreign currency valuation and debt rediscount transactions of the trade payables included in the financial statements have been recalculated. The suitability of the disclosures in the notes to the trade payables is examined.

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Revenue	
Look at: Footnote Relating to Consolidated Financial Statements 2 and Footnote 28.	
Subject of Significant Audit	**How the Subject Conducted in our Audit**
As the revenue policy of the Group, it is probable that the proceeds will be determined reliably and the economic benefits related to the transactions will be obtained by the Group, the fair value of the considerations received or receivable is recognized on an accrual basis in the financial statements. Revenue from the accounting period in which the products are sold is recognized when the significant risks and rewards of ownership are transferred to the buyer. Timely and accurate registration of revenue is a significant issue for our audit.	Our audit procedures are based on testing the accurate and timely recording of revenue. Accounting policies related to the Group's revenue are included in the financial statements. The revenue process was evaluated by examining and observing the sales and delivery procedures of the Group. Our audit procedures are focused on evaluating the invoices, but focuses on the assessment of risk and non-transferability. In this context, invoices, dispatches, warehouse exit and delivery documents were checked and it was evaluated whether the actual delivery was made before the balance sheet date. It is evaluated whether the sale returns from the revenue account is a highly consistent after the balance sheet date by requesting details as of the audit date. The suitability of the disclosures in the notes to the financial statements is reviewed.

Management's and Senior Management's Responsibilities for the Financial Statements

Company management; is responsible for the preparation of the consolidated financial statements in accordance with the TAS, its presentation in a fair manner and the internal control it deems necessary for the preparation of the financial statements in a manner that does not contain material misstatement.

Management in preparing consolidated financial statements; It is responsible for evaluating the ability of the Company to continue its continuity, explaining the issues related to continuity when necessary and liquidating the Company or terminating the business activity or using the continuity principle of the enterprise unless it is obliged to do so.

Those responsible for senior management are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for Independent Auditing of Financial Statements

In an independent audit, we have the responsibilities of independent auditors:

Our purpose is to obtain reasonable assurance whether the consolidated financial statements as a whole contain material misstatement of error or fraud, and to issue an independent auditor's report including our opinion. Reasonable assurance given as a result of an independent audit conducted in accordance with IAS; it is a high level of assurance, but it does not guarantee that any significant error will always be detected. Mistakes may be caused by error or fraud. These inaccuracies are considered to be significant if it is reasonably expected that the errors will affect the economic decisions of the users of the consolidated financial statements collectively.

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As part of the independent audit conducted in accordance with IAS, we use our professional judgment and continue our professional skepticism throughout the independent audit. We also include:

- Errors in the consolidated financial statements or welded cheating "major mistake" risks are identified and evaluated; audit procedures that are designed and implemented in response to these risks and adequate and appropriate audit evidence to form the basis for our opinion is obtained. (The risk of not detecting a significant error caused by fraud is higher than the risk of not detecting a significant error arising from the error, as the fraud may involve misconduct, fraud, intentional negligence, false statement or internal control violations.)
- The internal control of the audit is evaluated to design audit procedures that are appropriate for the situation, but not for an opinion on the effectiveness of the Company's internal control.
- The appropriateness of the accounting policies used by the management and the accounting estimates made and the related disclosures are evaluated.
- Based on the audit evidence obtained, it is concluded that there is a significant uncertainty about the circumstances or circumstances that may cause serious doubt about the ability of the Company to maintain its continuity and the suitability of the management to use the continuity principle of the entity. In the event that we conclude that there is a significant uncertainty, we need to draw attention to the relevant statements in the consolidated financial statements or give an opinion other than the positive opinion if these statements are insufficient. Our conclusions are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or conditions may terminate the Company's continuity.
- It is evaluated whether the consolidated financial statements, including the explanations, reflect the general presentation, structure and content of these tables in a way that will enable the presentation of the underlying transactions and events in a manner that provides a fair presentation.
- In order to give an opinion on the consolidated financial statements, sufficient and appropriate audit evidence is obtained about the financial information related to the enterprises or segments within the group. We are responsible for directing, supervising and conducting company audit. We are also responsible for the audit opinion we provide.

Among other topics, we report the planned scope and timing of the independent audit as well as the significant audit findings to those responsible for the senior management, including the significant internal control deficiencies we identified during the audit.

We have reported to those responsible for senior management that we comply with ethical requirements regarding independence. In addition, we have communicated all relations and other issues that may be considered to have an impact on independence and, if any, measures to those responsible for senior management.

Among the issues notified to those responsible for senior management, we identify the most important issues in the independent audit of the consolidated financial statements for the current period, i.e. the significant audit issues. In cases where the legislation does not permit the disclosure of the matter, or in exceptional cases where it is reasonably expected that the negative consequences of public disclosure will be exceeded by the public interest, we may decide not to report the matter in our independent auditor report.

T.C. BAĞIMSIZ DENETÇİ 2013

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Other Liabilities Arising from the Legislation

1) The Auditor's Report on the Early Detection of the Risk System and the Committee held in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC") was submitted to the Board of Directors of the Company on 11 March 2019.

2) In accordance with the fourth paragraph of Article 402 of the TCC, no significant matter has been observed regarding the Company's bookkeeping period for the period 1 January - 31 December 2018 and that the financial statements are not in compliance with the provisions of the law and the Company's articles of association regarding financial reporting.

3) In accordance with the fourth paragraph of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided the requested documents within the context of the audit.

The responsible auditor who executes and finalizes this independent audit is Metin Etkin.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
An Independent Member of BAKER TILLY INTERNATIONAL

Metin Etkin
Responsible Auditor, CPA

İstanbul, 11 March 2019

(All amounts are expressed in Turkish Lira or indicated otherwise)

CONSOLIDATED FINANCIAL POSITION STATEMENT (BALANCE SHEET)

	Notes	*Audited* *Current Period* 31 December 2018	*Audited* *Previous Period* 31 December 2017
ASSETS			
Current Assets		**1.432.225.211**	**1.864.614.443**
Cash And Cash Equivalents	6	446.036.412	284.175.937
Financial Investments	7	-	-
Trade Receivables	10	687.291.682	1.099.471.261
Trade Receivables From Related Parties	*10-37*	*1.323.223*	*1.654.639*
Trade Receivables From Non-Related Parties	*10*	*685.968.459*	*1.097.816.622*
Other Receivables	11	2.959.024	351.412
Other Receivables From Related Parties	*11-37*	*4.128*	*30.045*
Other Receivables From Non-Related Parties	*11*	*2.954.896*	*321.367*
Derivative Instruments	12	-	-
Inventories	13	267.621.577	430.573.781
Prepaid Expenses	15	13.363.923	7.890.287
Assets Related To Current Period Tax	25	257.030	-
Other Current Assets	26	14.695.563	42.151.765
Total		**1.432.225.211**	**1.864.614.443**
Non-Current Assets		**87.093.552**	**73.226.596**
Financial Investments	7	-	63.605
Trade Receivables	10	3.604.399	16.902.276
Trade Receivables From Related Parties	*10-37*	-	-
Trade Receivables From Non-Related Parties	*10*	*3.604.399*	*16.902.276*
Other Receivables	11	51.037	51.685
Other Receivables From Related Parties	*11-37*	-	-
Other Receivables From Non-Related Parties	*11*	*51.037*	*51.685*
Investments Valued by the Equity Method	4-16	3.221.926	8.771.537
Investment Properties	17	26.031.431	15.343.324
Tangible Fixed Assets	18	26.976.138	5.870.472
Intangible Fixed Assets	19	5.318.354	5.166.026
Goodwill	*19*	*1.897.699*	*1.897.699*
Other Intangible Fixed Assets	*19*	*3.420.655*	*3.268.327*
Deferred Tax Assets	35	21.890.267	21.057.671
TOTAL ASSETS		**1.519.318.763**	**1.937.841.039**

The accompanying notes are an integral part of these consolidated statements.

(All amounts are expressed in Turkish Lira or indicated otherwise)

CONSOLIDATED FINANCIAL POSITION STATEMENT (BALANCE SHEET)

	Notes	*Audited* *Current Period* 31 December 2018	*Audited* *Previous Period* 31 December 2017
LIALIBILITIES			
Short-Term Liabilities		**1.092.207.788**	**1.560.273.550**
Short-Term Borrowings	8	259.134.085	109.475.932
Short Term Portions Of Long Term Borrowings	8	27.130.066	30.535.801
Other Financial Liabilities	9	-	-
Trade Payables	10	649.678.353	1.250.747.807
Trade Payables To Related Parties	*10-37*	*1.460*	*3.268.269*
Trade Payables To Non-Related Parties	*10*	*649.676.893*	*1.247.479.538*
Payables Under Employee Benefits	20	739.846	1.151.104
Other Payables	11	15.787.140	25.982.121
Other Payables To Related Parties	*11-37*	-	-
Other Payables To Non-Related Parties	*11*	*15.787.140*	*25.982.121*
Investments Valued by the Equity Method Liabilities	4-16	2.547.681	-
Derivative Instruments	12	5.153.208	1.308.094
Deferred Income	15	63.485.104	82.262.494
Period Income Tax Liability	35	22.614.886	32.623.117
Short Term Provisions	22	45.937.419	26.187.080
Other Short Term Provisions	*22*	*45.937.419*	*26.187.080*
Other Short Term Liabilities	26	-	-
Total		**1.092.207.788**	**1.560.273.550**
Long Term Liabilities		**9.516.662**	**21.101.867**
Long Term Borrowings	8	3.604.399	16.933.426
Long-Term Provisions Related To Employee Benefits	24	5.911.708	4.148.419
Deferred Tax Liability	35	555	20.022
SHAREHOLDERS EQUITY		**417.594.313**	**356.465.622**
Equity of the Parent Company	27	**376.431.802**	**317.526.742**
Paid-In Capital		56.000.000	56.000.000
Capital Adjustment Differences		1.064.323	1.064.323
Repurchased Shares (-)		(1.705.805)	(798.565)
Share Premiums (Discounts)		156.607	-
Other Comprehensive Income Or Expense That Will Not Be Reclassified To Profit Or Loss		(1.083.994)	(380.706)
-Revaluation and Remeasurement Gains/Losses		*(1.083.994)*	*(380.706)*
Other Comprehensive Income or Expense That Will Be Reclassified To Profit Or Loss		15.434.110	13.479.683
-Foreign Exchange Conversion Differences		*15.434.110*	*13.479.683*
Restrained Reserves From the Profit		31.006.238	22.488.830
Previous Years' Profit or Losses		153.911.932	70.165.709
Net Profit / (Loss) For The Period		121.648.391	155.507.468
Non-Controlling Shares	27	41.162.511	38.938.880
TOTAL LIABILITIES and SHAREHOLDERS'EQUITY		**1.519.318.763**	**1.937.841.039**

The accompanying notes are an integral part of these consolidated statements

(All amounts are expressed in Turkish Lira or indicated otherwise)

CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

	Notes	***Audited Current Period*** **1 January 2018 31 December 2018**	***Audited Previous Period*** **1 January2017 31 December 2017**
PROFIT OR LOSS PART			
Revenue	28	3.903.402.780	4.719.624.736
Expense of Sales (-)	28	(3.717.149.973)	(4.533.260.188)
Gross Profit/(Loss) from Trade Operations		**186.252.807**	**186.364.548**
GROSS PROFIT/(LOSS)		**186.252.807**	**186.364.548**
General And Administrative Expenses (-)	29	(48.998.994)	(39.586.834)
Marketing, Sales And Distribution Expenses (-)	2"9	(39.059.470)	(33.934.194)
Other Income From Main Operations	31	140.575.964	130.091.027
Other Expenses From Main Operations (-)	31	(98.732.610)	(120.809.963)
MAIN OPERATIONS PROFIT / (LOSS)		**140.037.697**	**122.124.584**
Income From Investing Activities	32	74.052.436	109.273.498
Expenses From Investing Activities (-)	32	-	-
Investments Valued by the Equity Method Profit/Loss Shares	32	(9.971.483)	(1.234.080)
OPERATIONS PROFIT/LOSS BEFORE FINANCIAL EXPENSES		**204.118.650**	**230.164.002**
Finance Income	33	57.351.727	20.557.796
Finance Expense (-)	33	(90.917.387)	(39.354.537)
CONTINUING OPERATIONS PROFIT/ (LOSS) BEFORE TAXATION		**170.552.990**	**211.367.261**
Continuing Operations Tax Income/(Expense)		**(41.587.109)**	**(43.180.004)**
- Period Tax Income/(Expense)	35	(42.141.891)	(52.279.158)
- Deferred Tax Income/(Expense)	35	554.782	9.099.154
CONTINUING OPERATIONS PROFIT/ (LOSS) FORT HE PERIOD		**128.965.881**	**168.187.257**
PERIOD PROFIT/ (LOSS)		**128.965.881**	**168.187.257**
Distribution Of The Profit / Loss For The Period		**128.965.881**	**168.187.257**
Non-Controlling Shares		7.317.490	12.679.789
Parent Company Shares		121.648.391	155.507.468
Earnings/ Loss Per Share	36	**2,172293**	**2,776919**
<u>OTHER COMPREHENSIVE INCOME</u>		**1.203.648**	**589.552**
Not be Reclassified in Profit or Loss		**(741.475)**	**210.358**
Defined Benefit Plans Revaluation Gains/(Losses)		(741.475)	210.358
Will Reclassified in Profit or Loss		**1.945.123**	**379.194**
Foreign Currency Exchange Conversion Difference		1.945.123	379.194
OTHER COMPREHENSIVE INCOME/(EXPENSE) DISTRIBUTION		**130.169.529**	**168.776.809**
Non-Controlling Shares		7.269.999	12.676.333
Parent Company Shares		122.899.530	156.100.476

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2018

(All amounts are expressed in Turkish Lira or indicated otherwise)

						Accumulated Other Comprehensive Income And Expenses That Will Not Be Re-Classified In Profit Or Loss		Accumulated Other Comprehensive Income And Expenses That Will Be Re-Classified In Profit Or Loss		Accumulated Profits					
Audited Current Period	**Notes**	**Paid in Capital**	**Capital Adjustment Differences (Conversion Differences**	**Repurchased Shares**	**Share Stock Premiums/ Discounts**	**Revaluation and Measurement Benefits/ (Losses)**	**Other Earnings/(Losses))**	**Foreign Currency Exchange Conversion Differences**	**Hedging Gains/ Losses**	**Restricted Reserves From Profit**	**Previous Years' Profits / Losses**	**Net Period Profit / Loss**	**Parent Company Equity**	**Non-Controlling Interests**	**Shareholder's Equity**
01 January 2018	**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**
Adjustments Related To Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect due to TFRS 9 Policy Change, Net		-	-	-	-	-	-	-	-	-	(420.224)	-	(420.224)	-	(420.224)
Amount After Adjustments		**56.000.000**	**1.064.323**	**(798.565)**	-	**(380.706)**	-	**13.479.683**	-	**22.488.830**	**69.745.485**	**155.507.468**	**317.106.518**	**38.938.880**	**356.045.398**
Transfers		-	-	-	-	-	-	-	-	8.517.408	146.990.060	(155.507.468)	-	-	-
Total Comprehensive Income		-	-	-	-	**(703.288)**	-	**1.954.427**	-	-	-	**121.648.391**	**122.899.530**	**7.269.999**	**130.169.529**
Net Period Income		-	-	-	-	-	-	-	-	-	-	121.648.391	121.648.391	7.317.490	128.965.881
Other Comprehensive Income		-	-	-	-	(703.288)	-	1.954.427	-	-	-	-	1.251.139	(47.491)	1.203.648
Dividend Payments		-	-	-	-	-	-	-	-	-	(62.823.613)	-	(62.823.613)	(4.828.894)	(67.652.507)
Increase/(Decrease) due to Redemption of Shares		-	-	(907.240)	156.607	-	-	-	-	-	-	-	(750.633)	(217.474)	(968.107)
31 December 2018	**Note-27**	**56.000.000**	**1.064.323**	**(1.705.805)**	**156.607**	**(1.083.994)**	-	**15.434.110**	-	**31.006.238**	**153.911.932**	**121.648.391**	**376.431.802**	**41.162.511**	**417.594.313**
Audited Previous Period															
01 January 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**
Transfers			-	-	-	-	-	-	-	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**
Net Period Income			-	-	-	-	-	-	-	-	-	155.507.468	155.507.468	12.679.789	168.187.257
Other Comprehensive Income (Expense)		-	-	-	-	211.762	-	381.246	-	-	-	-	593.008	(3.456)	589.552
Dividend Payments		-	-	-	-	-	-	-	-	-	(31.703.347)	-	(31.703.347)	(4.055.504)	(35.758.851)
Increase/(Decrease) due to Redemption of Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
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**

The accompanying notes are an integral part of these consolidated statements.

(All amounts are expressed in Turkish Lira or indicated otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Audited *Current Period* 01.01.2018-31.12.2018	Reclassified Audited *Previous Period* 01.01.2017-31.12.2017
CASH FLOWS FROM OPERATING ACTIVITIES		**171.003.966**	**130.987.295**
PERIOD PROFIT / (LOSS)		**128.965.881**	**168.187.257**
Adjustments Related To Reconciliation Of Net Profit / Loss For The Period		**133.037.948**	**32.297.815**
Adjustments Related To Depreciation And Amortization	17-18-19	3.365.704	2.877.695
Adjustments Related To Impairment (Cancellation)		**4.131.184**	**6.819.323**
Adjustments Related ToReceivables Impairment (Cancellation)	10	2.979.409	2.407.531
Adjustments Related ToInventory Impairment (Cancellation)	13	1.151.775	4.411.792
Adjustments Related ToTangible Fixed Assets Impairment (Cancellation)	18-19	-	-
Adjustments Related To Provisions		**21.838.227**	**(14.752.670)**
Adjustments Related To Provisions Of Employee Benefits	24	2.087.888	1.360.253
Adjustments Related To Litigation And / Or Penalty Provisions (Cancellation)	22	25.927	(601.544)
Adjustments Related To Other Provisions(Cancellation)	22	19.724.412	(15.511.379)
Adjustments Related To Interest (Income) And Expenses		**34.659.522**	**16.043.997**
Adjustments Related To Interest Income	31-33	(73.650.138)	(76.686.766)
Adjustments Related To Interest Expenses	31-33	102.202.361	96.261.601
Deferred Finance Expense from Term Purchases	10	11.783.718	(11.263.940)
Unearned Deferred Finance Income from Term Sales	10	(5.676.419)	7.733.102
Adjustments Related To Tax Income/(Expense)	35	**41.587.109**	**43.180.004**
Adjustments Related To Profit/(Loss) Reconciliation	26	**27.456.202**	**(21.870.534)**
Changes In Business Working Capital		**(35.680.222)**	**1.619.432**
Adjustments Related To Decrease / (Increase) In Trade Receivables	10	428.174.466	(229.848.829)
Adjustments Related To Decrease / (Increase) In Other Receivables Related To Operations	11	(2.606.964)	148.862
Adjustments Related To (Increases) / Decreases In Inventories	13	161.800.429	(254.342.669)
Adjustments Related To Increase/(Decrease) In Trade Payables	10	(612.853.172)	469.276.904
Adjustments Related To Decrease / (Increase) In Other Debts Related To Operations	11	(10.194.981)	16.385.164
Cash Flows Provided From Operations		**226.323.607**	**202.104.504**
Payments Within Provisions Related To Employee Benefits	24	(1.218.380)	(855.629)
Tax Returns / (Payments)	35	(52.150.121)	(26.763.132)
Other Cash Inflows(Outflows)		(1.951.140)	(43.498.448)
CASH FLOWS FROM INVESTING ACTIVITIES		**(45.684.751)**	**(2.248.281)**
Cash Inflows from Sales of Tangible and Intangible Fixed Assets	18-19	**386.130**	**608.974**
Cash Inflows From Sale Of Tangible Fixed Assets		386.130	466.626
Cash Inflows From Sale Of Intangible Fixed Assets		-	142.348
Cash Outflows From Purchase Of Tangible And Intangible Fixed Assets	18-19	**(24.769.746)**	**(2.857.255)**
Cash Outflows From Purchase Of Tangible Fixed Assets		(24.254.409)	(2.510.190)
Cash Outflows From Purchase Of Intangible Fixed Assets		(515.337)	(347.065)
Cash Outflows From Purchase Of Investment Properties	17	(21.301.135)	-
CASH FLOWS FROM FINANCING ACTIVITIES		**35.266.883**	**(94.480.686)**
Cash Inflows from Borrowing	8	724.545.092	361.494.420
Cash Inflows from Loans	8	724.545.092	361.494.420
Cash Outflows on Debt Payments	8	**(601.373.863)**	**(401.245.701)**
Cash Outflows on Loan Repayments	8	(601.373.863)	(401.245.701)
Dividend Payments		(67.652.507)	(35.758.851)
Interest Paid	32-33	(20.251.839)	(18.970.554)
EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**160.586.098**	**34.258.328**
NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS		**160.586.098**	**34.258.328**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	283.998.537	249.740.209
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	444.584.635	283.998.537

The accompanying notes are an integral part of these consolidated statements.

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

NOTE 1. ORGANIZATION AND ACTIVITY OF THE COMPANY

İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş. was founded in 1989 in Turkey. The area of activity is to wholesale trade by supplying all kinds of IT products in domestic and foreign sector. The Company is registered with the Capital Markets Board of Turkey ("CMB") and in September 2004 15.34% of its shares are quoted to Borsa İstanbul. ndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş traded in Borsa İstanbul A.Ş. (BİAŞ) Yıldız market.

As of 31 December 2018 and 31 December 2017, the Company's fully consolidated subsidiaries are as follows:

Name of the Company	Area of Activity	Capital	Direct Participation Rate %	Indirect Participation Rate %
Datagate Bilgisayar Malzemeleri A.Ş. (Datagate)	Telecommunication	30.000.000 TL	59,24	59,24
Neotech Teknolojik Ürünler Dağ. A.Ş. (Neotech)	Trading of household electronics	1.000.000 TL	80,00	80,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos)	Logistics	5.000.000 TL	99,99	99,99
Artım Bilişim Çözüm ve Dağıtım A.Ş. (Artım)	IT sales and sales of spare parts	1.210.000 TL	100,00	100,00
İnfin Bilgisayar Ticaret A.Ş.	Buying and selling computers and its components	50.000 TL	99,80	99,80
İndeks International FZE (Indeks FZE)	Buying and selling computers and its components	150.000 BAE Dirham	100,00	100,00
Datagate International FZE (Datagate FZE)(*)	Buying and selling computers and its components	150.000 BAE Dirham	100,00	100,00

(*) On 17.12.2018, it was decided to close Datagate International FZE, which is 100% subsidiary of Datagate Bilgisayar Malzemeleri A.Ş. As of 31 December 2018, it is not included in the consolidated financial statements. The financial statements of 2017 are included in the consolidated financial statements.

As of 31 December 2018 and 31 December 2017, the details of the companies subject to joint management which are accounted for under the equity method of the Company are as follows:

Name of the Company	Area of Activity	Capital	Direct Participation Rate %	Indirect Participation Rate %
Neteks İletişim Ürünleri Dağıtım A.Ş. (Neteks)	Buying and selling network products	1.100.000 TL	50,00	50,00
Neteks Teknoloji Ürünleri Anonim Şirketi (*)	Buying and selling network products	100.000 TL	50,00	50,00

(*) 50% shareholding was made to Neteks Teknoloji Ürünleri Anonim Şirketi on 26.12.2017 and TL 25.000 of the capital commitment has been paid as of the report date.

Datagate Bilgisayar Malzemeleri A.Ş., Neotech Teknolojik Dağıtım. A.Ş., Teklos Teknoloji Lojistik Hizmetleri A.Ş., Artim Bilisim Çözüm ve Dağıtım A.Ş., Indeks International FZE and Infin Bilgisayar Ticaret AS are consolidated according to the full consolidation method. The financial statements of Neteks İletişim Ürünleri Dağıtım A.Ş. and Neteks Teknoloji Ürünleri A.Ş. has been accounted for using the equity method.

The biggest partner of the Group is Nevres Erol Bilecik (36,37%). As of 31 December 2018, the Group employs 460 people. The number of employees belonging to the joint management which is valued by the equity method. In the twelve-month period of 2018, the Group's average number of employees is 497. (Year 2017: 500). All group personnel are administrative staff.

The registered office address of the Company is Merkez Mahallesi Erseven Sokak No: 8/1 Kağıthane / İstanbul. The company's main headquarters is Istanbul and it has branches in Ankara, İzmir and Diyarbakır.

The Group's warehouse operations are carried out by Teklos Teknoloji Lojistik Hizmetleri A.Ş., which is included in the consolidation, at the Cumhuriyet Mahallesi Yahyakaptan Caddesi No: 10A D: 2 Çayırova / KOCAELİ address.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basis of Presentation

Company accounting records of current commercial legislation in Turkey, the Ministry of Finance to keep the financial regulations and the Uniform Chart of Accounts in TL according to the requirements. The accompanying financial statements have been prepared in accordance with the "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" numbered II-14.1, published in the Official Gazette No. 28676 dated 13 June 2013 ("CMB"). Public Oversight pursuant to Article Accounting and Auditing Standards Board ("POA") by which was enacted Turkey Accounting Standards / Turkey Financial Reporting Standards ("TAS / TFRS") with additional and reviews about them is prepared based.

Furthermore, the financial statements and the related notes are presented in accordance with the formats announced by the CMB with the announcement dated 7 June 2013 and approved by the decision no. 30 dated 2 June 2016 of the POA by taking into consideration the TAS Taxonomy.

The accompanying consolidated financial statements are expressed in Turkish Lira ("TL") which is the functional currency of the Group in the main economic environment in which the entity operates and its statements are expressed in ol (The non-monetary items in the financial statements as of 31 December 2017 have been recognized in USD as of 30 June 2013.) Turkey Accounting Standards issued by the POA "is based subjected to a number of adjustments and reclassifications to be able to adequately supply the state of the Group are prepared. İndeks International FZE (Accounted by Equity method) is accounted for by Neteks A.Ş. (Accounted by Eqity method) and Neteks Teknoloji A.Ş. and their functional currency is ile "USD".

The financial statements have been prepared on the basis of the continuity of the Company under the assumption that the Company will benefit from its assets and will fulfill its obligations within the natural flow of its activities in the coming years.

The consolidated financial statements for the period between 1 January - 31 December 2018 have been approved by the Board of Directors on 11 March 2019. The General Assembly and the related legal entities have the authority to amend the financial statements prepared in accordance with the legislation and the financial statements.

2.02 Adjustment of Financial Statements in High Inflation Periods

With the decision of the Capital Markets Board dated March 17, 2005 and numbered 11/367, the period of high inflation ended in 2005 and as of 1 January 2005, the accompanying financial statements are not subject to any adjustments. Non-monetary assets in the accompanying financial statements are presented in the financial statements based on the values carried by December 31, 2004 in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies".

2.03 Consolidation Principles

The Subsidiaries are authorized to use more than 50% of the voting rights related to the shares in the said companies as a result of the shares of the Company, either directly and / or indirectly; or use the effective control over the financial and operating policies, but does not have the power to exercise more than 50% of the voting rights, and refers to the companies in which it has the power and power to control the financial and operational policies in line with the Company's interests.

The balance sheet and profit / loss statements of the subsidiary have been accounted for using the full consolidation method. The carrying value of the subsidiaries in the Group assets and the shareholders' equity of the subsidiaries are eliminated and the intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

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

Minority rights represent the share of minority shares in the net assets of the subsidiaries and the results of the period activities. These details are presented separately from the balance sheet and profit / loss statement. If the loss of minority rights is more than the minority interests of the subsidiaries, the losses of minorities may result against the interests of the majority unless the minorities have binding obligations.

As of 31 December 2018 and 31 December 2017, the details of the consolidated subsidiaries of the Company within the scope of full consolidation are as follows:

Name of the Company	Area of Activity	Capital	Direct Participation Rate %	Indirect Participation Rate %
Datagate Bilgisayar Malzemeleri A.Ş. (Datagate)	Telecommunication	30.000.000 TL	59,24	59,24
Neotech Teknolojik Ürünler Dağ. A.Ş. (Neotech)	Trading of household electronics	1.000.000 TL	80,00	80,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos)	Logistics	5.000.000 TL	99,99	99,99
Artım Bilişim Çözüm ve Dağıtım A.Ş. (Artım)	IT sales and sales of spare parts	1.210.000 TL	100,00	100,00
İnfin Bilgisayar Ticaret A.Ş.	Buying and selling computers and its components	50.000 TL	99,80	99,80
İndeks International FZE (Indeks FZE)	Buying and selling computers and its components	150.000 BAE Dirham	100,00	100,00
Datagate International FZE (Datagate FZE)(*)	Buying and selling computers and its components	150.000 BAE Dirham	100,00	100,00

(*) On 17.12.2018, it was decided to close Datagate International FZE, which is 100% subsidiary of Datagate Bilgisayar Malzemeleri A.Ş. As of 31 December 2018, it is not included in the consolidated financial statements. The financial statements of 2017 are included in the consolidated financial statements.

Shares in joint operations: A joint arrangement is an arrangement in which an entity has joint control over the responsibilities of the assets and liabilities. Joint control is the contractual sharing of control over an economic activity. This control is considered to exist when the decisions concerning the relevant activities require unanimous consent of the parties sharing the control.

As at 31 December 2018 and 31 December 2017, the details of the joint ventures of the Company which are accounted for by the equity method are as follows:

Name of the Company	Area of Activity	Capital	Direct Participation Rate %	Indirect Participation Rate %
Neteks İletişim Ürünleri Dağıtım A.Ş. (Neteks)	Buying and selling network products	1.100.000 TL	50,00	50,00
Neteks Teknoloji Ürünleri Anonim Şirketi (*)	Buying and selling network products	100.000 TL	50,00	50,00

(*) 50% shareholding was made to Neteks Teknoloji Ürünleri Anonim Şirketi on 26.12.2017 and TL 25.000 of the capital commitment has been paid as of the report date.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment cost also includes transaction costs. The consolidated financial statements include the Group's share in the profit / loss and other comprehensive income of the associates accounted for using the equity method after adjustment for the accounting policies between the associate and the Group, up to the date the significant effect of the Group on the associate or the date on which the joint control commences.

If the Group's share of losses from an associate is equal to or above its total share in the associate, the carrying amount of its share in the associate (including long-term investments, if any) is reset and any commitment of the Group on behalf of the subsidiary or payment made in the name of the subsidiary in which in the events that no additional damages are recorded.

Goodwill represents the excess of the purchase price above the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is included in the carrying amount of the investment and is reviewed for impairment as part of the investment. The excess of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate at the date of purchase is recorded directly in the profit / loss of the period.

Datagate Bilgisayar Malzemeleri A.Ş., Neotech Teknolojik Dağıtım. A.Ş., Teklos Teknoloji Lojistik Hizmetleri A.Ş., Artim Bilisim Çözüm ve Dağıtım A.Ş., Indeks International FZE and Infin Bilgisayar Ticaret AS are consolidated according to the full consolidation method. The financial statements of Neteks İletişim Ürünleri Dağıtım A.Ş. and Neteks Teknoloji Ürünleri A.Ş. has been accounted for using the equity method.

The balance sheet and income statements of the subsidiaries are consolidated on the basis of full consolidation methods, and the carrying value and equity of the subsidiaries owned by the Company are eliminated.

Similarly, intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

Minority rights represent the share of minority interests in the net assets and the results of the operating activities of the subsidiaries. These details are presented separately in the consolidated balance sheet and income statement. If the loss of minority rights is more than the minority interests of the subsidiaries, the losses of minorities may result against the interests of the majority unless the minorities have binding obligations.

2.04 Comparative Information and Restatement of Previos Period Financial Statements

The financial statements of the Group have been prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to maintain comparability when the presentation or classification of financial statement items changes, previous period financial statements are also reclassified accordingly.

Within the scope of TAS taxonomy stated in 2.01 "Basis of Presentation" , the previous period cash flow table of the Group is subject to some classification changes. The amendments did not have an impact on the Group's financial performance.

2.05 Netting / Offsetting

Financial assets and liabilities included in the financial statements are stated at their net values in the financial statements if there is a legal power that allows the related values to be clarified and there is an intention to show the values clearly or if the asset is realized and the liability is realized at the same time.

2.06 Changes in Accounting Policies

Accounting policies are amended if necessary or if the effects of transactions and events on the financial position, performance or cash flows of the Group result in a more appropriate and reliable presentation in the financial statements. If the changes in accounting policies affect the prior periods, such policy is applied retrospectively in the financial statements as if it were always in use.

Amendment of Compulsory Accounting Policy Regarding TFRS 9

The Company has applied TFRS 9 Financial Instruments Standard as of 1 January 2018. TFRS 9 is applied retrospectively as of the effective date. The Company has applied this standard by applying the retrospective but simplified application in accordance with the application exemption of this standard. In other words, according to TAS 8, the current period in which the application was made, applied the approach of presenting the previous period's effect of the transition to the new application to the retained earnings as a record of the change without applying the balance sheet presentation of the previous period. The impact of the new accounting policies and the corrections arising from the transition are summarized below:

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

The total impact on the retained earnings of the financial instruments is as follows:

Openning of Previous Period Profits- TAS 39 31 December 2017	**70.165.709**
Increase in Doubtful Receivable Provision of Trade Receivables (-)	(538.749)
Deferred Tax Effect	118.525
Amendment to Previous Years Profits with TFRS 9	**(420.224)**
Openning of Previous Period Profits - TFRS 9 1 January 2018	**69.745.485**

The Company has evaluated the management models that are effective for financial assets at the initial implementation date (1 January 2018) and classified their financial instruments according to the appropriate TFRS 9 categories. The classification and measurement effect arising from this reclassification has been realized only in accordance with TAS 39 of the financial assets whose fair value cannot be measured reliably and therefore allowable to be carried at cost, in accordance with TFRS 9, the measurement exception is eliminated and the fair value of the financial assets is measured by valuation techniques. In addition, the measurement and classification of financial assets, except for reciprocal calculations, has not changed.

Financial Assets Represented in the Financial Statements	**Business/Management Model**	**TFRS 9 Measurement Method**
Deposits	Collections Withholding	Amortised Cost
Notes/(Securities)	Collections Withholding	Amortised Cost
Trade Receivables	Collections Withholding	Amortised Cost
Derivative Instruments	Trading Purposes	Financial Assets at Fair Value through Profit or Loss
Equity Based Financial Instruments (Common Stocks)	Long Term Investment	Financial Assets at Fair Value Reflected to Other Comprehensive Income

2.07 Changes in Accounting Estimates and Errors

The Group consistently treats transactions of similar nature, other events and circumstances and presents them in the consolidated financial statements. Significant changes in accounting policies and significant accounting errors are applied retrospectively and previous period financial statements are restated. If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods.

The nature and amount of a change in the accounting estimate that has an impact on the outcome of the current period or that is expected to have an impact on the subsequent periods is disclosed except for the cases in which the effect of future periods' impact cannot be estimated.

The Group management uses the actuarial assumptions used in the calculation of useful lives of tangible and intangible assets, the actuarial assumptions used in the calculation of severance payment, the provisions to be allocated for the litigation and execution proceedings in favor of or against the Group, and the determination of the inventory impairment. Explanations on the estimates used are included in the notes below.

TMS 21 The Effects of Changes in Currency Changes defines the functional currency as the currency of the main economic environment in which the entity operates. The main economic environment in which an entity operates is generally the environment in which it creates and spends cash. Current currency; that affects the most of the sales of goods and services, labor etc. the currency in which the expenses are realized, the cash currency from the financing activities, etc. and taking into consideration the future changes in these elements. The Group Management reviews the accounting estimates and policies applied in the functional currency at each balance sheet date.

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

2.08 Summary of Significant Accounting Policies

2.08.01 Revenue

Revenues are recognized as the amount that is expected to be recognized in return for goods and services that reflect the promised goods and / or services. For this purpose, a 5-step process is applied in the recognition of revenue in accordance with TFRS 15 provisions.

- Identification of contracts with customers
- Determination of separate performance criteria and obligations in the contract
- Determination of contract price
- Distribution of sales price to liabilities
- Record revenue as contractual obligations are met
- The major brands that the company sells products are brands like Apple, HP, IBM, Canon, Lenovo, Oracle and Samsung.

Almost all of the products sold by the Group are of foreign origin. If a portion of the purchase or organizations located foreign firms in Turkey of foreign companies is realized from organizations located in Turkey. Depending on the realization of the targets given by the domestic or foreign companies, some costs are taken under the name of ad rebate," risturn", "sell out" and bonus names or deducted from current accounts. These values are recognized as credit note income accrual on the balance sheet asset by providing the targets or conditions given by the seller companies. These prices are deducted or collected from the current account with the documents issued by the vendors under rebate or, risturn, sell out, bonus, arranged documents under credit note "(or invoices issued by the Group). "Credit notes" related to inventories are deducted from the cost of inventories. The balance is accounted for under "Other Sales" account in Sales.

Interest income is accrued in the related period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying value of the asset during the expected life of the remaining principal amount.

In the event that there is an important financing element in sales, the fair value is determined by discounting the future cash flows with the hidden interest rate within the financing element. The difference is recognized in the financial statements on an accrual basis.

2.08.02 Inventories

Inventories are stated at the lower of cost or net realizable value in the financial statements. The Group's inventories consist of computer and computer components such as PC, laptop, electronic home products, networking products. Cost is calculated by FIFO method. Net realizable value is calculated by deducting the estimated sales expenses from the Group's sales price.

2.08.03 Tangible Assets

As of December 31, 2004, tangible fixed assets have been adjusted for the effects of inflation. It is carried in the financial statements by deducting the accumulated depreciation from the cost values for the items received in 2005 and thereafter.
Depreciation is calculated by using the straight-line method to calculate the cost of each asset on the basis of the economic life span to bring the cost value of the asset to the value and calculated according to the following ratios.

Type	31 December 2018 Ratio (%)	31 December 2017 Ratio (%)
Land Improvements	10	10
Buildings	2	2
Machinery and Equipment	10-25	10-25
Vehicles	10-25	10-25
Furniture and Fixtures	10-33	10-33
Leasehold Improvements	10-33	10-33

There is no depreciation due to their unlimited lives for land.

Tangible fixed assets are reviewed in terms of impairment for each balance sheet period If the carrying amount of a tangible asset exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount. There is no calculated impairment loss for tangible assets.

Gains and losses on the sale of property, plant and equipment are determined by comparing the net book values with the sales price and are included in the operating profit.

Maintenance and repair expenses are charged as they are incurred. If the maintenance and repair expense is related to the expansion of the relevant asset or a visible improvement, it is capitalized.

2.08.04 Intangible Assets

Intangible assets consist of computer programs and rights, as well as acquired assets and works of art. There is no intangible asset that is formed within the structure of the Company.

Intangible assets are measured at cost less accumulated amortization and accumulated depreciation and amortization costs for items purchased before 1 January 2005 and for items purchased after 1 January 2005.

Amortization and amortization are calculated on a straight-line basis over their estimated useful lives for a period of three years to fifteen years. Artworks are not subject to depreciation since they have an indefinite useful life and are not subject to amortization.

Intangible assets are reviewed for impairment at each balance sheet date. If the carrying amount of an intangible asset exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount. There is no provision for impairment on intangible assets.

2.08.05 Impairment of Assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is performed annually for these assets. For assets that are subject to amortization, impairment test shall be performed if there is a situation or event in which it is not possible to recover the book value. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

As of 31 December 2018 and 31 December 2017, the Group Management has not identified any circumstances that might require impairment on Investment Property, Tangible Assets and Intangible Assets. Estimated market values of these assets are estimated to be above their recorded values. The assets other than those used for vehicles and administrative purposes, etc. assets. The insurance values and replacement costs of these assets are above their book values.

2.08.06 Research and Development Expenses

None.

2.08.07 Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of an asset.

Capitalization of borrowing costs begins when expenditures and borrowing costs are incurred, until the asset becomes available. Borrowing costs are capitalized until they are ready for the intended use of the assets. Borrowing costs include interest expenses and other costs related to borrowing. The Group does not have any capitalized financing costs.

2.08.08 Financial Instruments

i. Classification and measurement of financial assets and liabilities
A financial asset is recognized for the first time in its financial statements:

a) Financial instruments measured at amortized cost
b) Lending instruments whose fair value ("FV") difference is reflected in other comprehensive income;
c) Equity instruments measured by reflecting FV difference on other comprehensive income
d) Financial instruments measured at a FV difference reflected to profit or loss as classified.

The classification of financial assets is generally based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset.

A financial asset is measured at amortized cost if both the two following conditions are met and the FV is not classified as measured by the difference in profit or loss:

a) Obtaining a business model for the purpose of collecting contractual cash flows of the financial asset eclipse and
b) The contractual terms of the financial asset cause cash flows that include interest payments on principal and principal balance on certain dates.

A debt instrument is measured by reflecting the FV difference on other comprehensive income if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;

- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets. In the event that financial assets are recognized for the first time in their financial statements; can be defined as reflected.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets.

Eliminate an accounting mismatch resulting from different measurement of financial assets and their gain or loss in different financial statements when the financial assets are recognized in the financial statements for the first time or, in the event of a significant reduction, a financial asset can be irrevocably measured at fair value through profit or loss.
Financial assets other than those whose fair value changes are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and have no significant financing component during the first time they are included in the financial statements).In the first measurement, transaction costs directly attributable to the acquisition or issuance of these are also measured by adding to the fair value.

ii. Impairment of financial assets

In accordance with TFRS 9, expected credit losses model is applied. The new impairment model applies to financial assets and contractual assets measured at amortized cost but is not applied to investments in equity instruments.

Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents.

The loss provisions for trade receivables, other receivables, other assets and contractual assets are always measured at an amount equal to the expected credit losses for life.

When determining whether the credit risk in a financial asset has increased substantially since its adoption in the financial statements and the expected credit losses are estimated, reasonable and supportable information that can be obtained without incurring excessive costs or efforts is taken into consideration. These include qualitative and quantitative information and analyzes and forward-looking information based on the Company's past experience and informed credit evaluations.

Financial assets with credit-impairment

The Company assesses whether the financial assets measured at amortized cost are diminished in each reporting period. When one or more events occur that adversely affect the future cash flows of a financial asset, the financial asset is credit note impaired.

Observable data on the following events are evidence that the financial asset has been credit note impaired:

- That the issuer or debtor has significant financial distress;
- The occurrence of a breach of contract due to reasons such as default or significant expiration of maturity;
- For the economic or contractual reasons, due to the financial hardship of the debtor, the creditor gives the debtor a privilege which he does not normally consider;
- It is likely that the borrower will enter into bankruptcy or another financial restructuring; or
- The elimination of the active market for this financial asset due to financial difficulties.

Indication of impairment in financial statements

The loss provisions of financial assets measured at amortized cost are deducted from the gross values of these assets.

Recall

If there is no reasonable expectation to recover a cash flow higher than the financial asset, the gross amount of the financial asset is deducted from the records. This is generally the case when the Company determines that the borrower does not have sufficient sources of income or assets that can repay the amounts subject to the reversal. However, the financial assets that are derecognized may still be subject to sanction activities applied by the Company for the recovery of past due receivables.

Financial assets are deducted from the records if there is no expectation of recovery (such as the debtor does not make any repayment plans with the Company). The Company continues to exercise sanctions in order to recover the receivables of trade receivables, other receivables, other assets and contract assets. The recovery amounts are recognized in profit or loss.

2.08.09 Effects of Exchange Rates

The Group bases its foreign currency transactions and balances on TL based on the relevant exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses arising from the translation of foreign currency transactions into TL or the translation of monetary items are reflected to the income statement in the related period. The company generally sells goods on the basis of foreign currency purchases. Therefore, it does not carry a significant exchange rate risk.

2.08.10 Earnings Per Share

Earnings per share is determined by dividing net profit by the weighted average number of shares that have been outstanding during the period.

Companies in Turkey, their capital, they distributed to owners or shareholders from retained earnings "bonus shares" can increase path. In calculating the earnings per share, these bonus shares are counted as issued shares. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the retrospective application of the bonus shares.

2.08.11 Subsequent Events

The Company is obliged to correct the amounts in the financial statements in accordance with this new situation in the event of events requiring adjustment after the balance sheet date. Any non-adjusting events after the balance sheet date are disclosed in the notes to the financial statements in the event that they affect the economic decisions of the users of the financial statements.

2.08.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only if the Company has a current and ongoing obligation (legal or structural) of the Company, if it is probable that the liability will be removed from the economic benefits and the amount of the liability can be reliably determined.

When the value loss of money becomes more important, the provisions are reflected with the discounted value of a pre-tax discount rate which includes the probable expenses to the present market values and, where necessary, also risks specific to the liability. When discounting is used, the increase due to the time difference in the provisions is recorded as interest expense. In determining the amount to be included in the financial statements as a provision, the most realistic estimate of the amount of expenditure required to perform the present obligation as of the balance sheet date is taken as basis. When making this estimation, all existing risks and uncertainties should be taken into consideration.

Contingent assets and liabilities are not included in the financial statements but are disclosed in the notes to the financial statements. For contingent liabilities, in the event that it is probable that an outflow of resources with economic benefits will be probable, the contingent liability is recognized in the financial statements for the period in which the change in probability is excluded, this contingent liability is recognized in the financial statements for the period in which the change in the probability arises, except in cases where reliable estimation cannot be made.

2.08.13 Leasing Transactions

Company as a Lessee

Financial Leasing

Leases where all significant risks and rewards related to the leased property are transferred to the lessee are recognized as finance leases and they are recognized by the lesser of fair value or minimum lease payments.

The liability arising from the financial leasing transaction is separated into interest and principal debt to provide a fixed interest rate on the remaining balance. Costs incurred in the initial acquisition stage of the fixed asset subject to financial leasing are included in the cost. Fixed assets acquired through financial leasing are depreciated over their estimated useful lives.

The net book value of the Group's assets subject to financial leases and the information related to the assets subject to leasing are disclosed in **Note: 18**. Information on finance lease payables of the Group is presented in **Note: 8**.

Operational Leasing

Leases where the lessor holds all the risks and benefits of the property are called operational leases. Lease payments made for an operating lease are recognized as an expense on a regular basis over the term of the lease. Lease agreements with the title of tenant are related to Istanbul, Ankara, İzmir and Diyarbakır office and warehouse leases and car rents. Annual lease payments are charged as expense on a straight-line basis method.

Company as the Lessor

Operational Leasing

The Group presents the fixed assets subject to operational leasing according to the content of the fixed asset in the balance sheet. Rental income from operating leases is recognized as income in the normal course of the lease period. The lease agreements to which the Group is a part of the lease agreement are the result of the lease of small parts of the main building in which the Group operates as a office and warehouse to the non-consolidated group companies and to a non-group company.

2.08.14 Related Parties

For the purpose of these financial statements, shareholders, senior executives and members of the Board of Directors, their families and the companies controlled by or affiliated with them, affiliates and partnerships are deemed to be related parties. Transactions and balances with related parties disclosed in **Note: 37**.

2.08.15 Government Incentives and Grants

None.

2.08.16 Investment Properties

As of 31 December 2018 and 31 December 2017, the Group's investment properties are accounted for according to the following principles.

Investment properties are properties held to earn rental income or for capital appreciation and are carried at cost less accumulated depreciation and any accumulated impairment losses. In the event that it meets the accepted criteria, the amount included in the balance sheet is included in the cost of replacing any part of the existing investment property. This amount is not included in the day-to-day maintenance for investment properties.

Depreciation is calculated by using the straight-line method to calculate the cost of each asset on the basis of the economic life span of 2% per year.

Investment properties are excluded from the balance sheet if they are not used or sold. Profit or loss arising from the sale of these properties is shown in the income statement.

2.08.17 Taxes Calculated on Corporate Income

Income tax expense is the sum of the current tax expense and deferred tax expense (or income).

Current tax

Current year tax liability is calculated over the taxable profit for the period. 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 excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statuory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit or loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or all of that amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the income statement . In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The taxes included in the financial statements include current period tax and the change in deferred taxes. The Company calculates current and deferred tax on the results for the period.

Netting in Tax Assets and Liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

2.08.18 Employee Benefits / Severance Payment

Pension and severance payment according to the labor law applicable in Turkey, provisions are allocated in the accompanying financial statements. Such payments are considered as being part of defined retirement benefit plan in accordance with TAS 19 plan "Employee Benefits".

In the financial statements, the provision for employee termination benefits is reflected to the financial statements by discounting the interest rate to be paid in the following years by discounting with interest rate adjusted for inflation. The interest cost included in the retirement compensation expense is shown as severance payment expense in the operational results.

2.08.19 Cash Flow Statement

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents included in the cash flow statement include cash in hand, bank deposits and high liquidity investments.

In the statement of cash flows, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent cash flows arising from the Company's main operations.

Cash flows from investing activities indicate the cash flows that are used and obtained by the Company in its investment activities (asset investments and financial investments).

Cash flows related to financing activities represent the resources used by the Group in financing activities and the repayments of these resources.

2.08.20 Income Accruals

Almost all of the products sold by the Group are of foreign origin. If a portion of the purchase or organizations located foreign firms in Turkey of foreign companies is realized from organizations located in Turkey. Depending on the realization of the targets given by the domestic or foreign companies, some costs are taken under the name of ad rebate," risturn", "sell out" and bonus names or deducted from current accounts. These values are recognized as credit note income accrual on the balance sheet asset by providing the targets or conditions given by the seller companies. These prices are deducted or collected from the current account with the documents issued by the vendors under rebate or, risturn, sell out, bonus, arranged documents under credit note "(or invoices issued by the Group).

2.08.21 Warranty Provisions

The company serves the Turkey distributor of information technology products. The guarantees of the products sold are given by the companies appointed by the manufacturers. The products offered to us under warranty come from the dealers and are sent to the manufacturers or manufacturers appointed by the manufacturers for repair. For products that need to be replaced within the scope of warranty after repair, new products are given to the customers and the amount is billed to the manufacturers. We do not have any obligation on guarantee provisions.

2.09 New and Revised International Financial Reporting Standards

Published as of December 31, 2018 changes that have not yet been implemented

Amendments that have been published but not yet put into effect

New standards, interpretations and amendments that have been issued as of the reporting date but have not yet been effective and are permitted to be applied early, are not applied early by the Company. Unless otherwise stated, the Company will make the necessary changes to its financial statements and disclosures, after the new standards and interpretations become effective.

TFRS 16 Leases

TFRS 16 "Leases" standard was published on April 16, 2018. It replaces the existing IAS 17 "Leases", IFRS 4 Determining whether an Agreement includes a Leasing and IAS 15 "*Operating Leases – Incentives*", and replaces the IAS 40 "*Investment Properties*" Standard. TFRS 16 eliminates the dual-accounting model of leasing transactions that are the current application in terms of lessees and monitoring of off-balance sheet commitments. Instead, a single balance sheet-based accounting model is presented for all leases, similar to the current financial leasing accounting. For lessors, recognition is similar to existing practices. TFRS 16 is effective for annual periods beginning on or after 1 January 2019, but early adoption of TFRS 15 "*Revenue from Customer Contracts*" is permitted. The Company is in the process of assessing the potential impact of the adoption of TFRS 16 on its financial statements.

TFRS Comment 23 Uncertainties Regarding Income Tax Applications

In order to determine how the uncertainties related to the calculation of income taxes will be reflected on the financial statements by the POA on May 24, 2018, TFRS Comment 23 8 Uncertainties Regarding Income Tax Practices 8 was published. There may be uncertainties about how to apply tax regulations to a particular transaction or situation or whether the tax authority will accept a company's tax transactions. TAS 12 "Income Taxes" provides guidance on how to calculate current and deferred tax, but does not provide guidance on how to reflect the effects of uncertainties on the financial statements. TFRS Comment 23 introduces additional requirements to the requirements of TAS 12, clarifying how to reflect the effects of uncertainty on income taxes in the recognition of income taxes. The effective date of this Interpretation is the reporting periods beginning on or after January 1, 2019, but early application is permitted. The Company is in the process of assessing the potential impact of the application of IFRS 23 on the financial statements.

Amendments to TFRS 9 - Early Payments Causing Negative Compensation

It has amended the requirements of TFRS 9 to clarify the recognition of financial instruments in December 2017 by the POA. Financial assets that cause negative compensation when they are paid early can be measured at amortized cost if they meet other relevant requirements of TFRS 9 or by reflecting fair value differences on other comprehensive income. In accordance with TFRS 9, when the contract is prematurely terminated, financial assets that include an early payment option that requires the payment of a 'reasonable additional cost' that substantially reflects the amount of the outstanding principal and interest amount meets the criteria.

This amendment is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

The Company is in the process of assessing the potential impact of the application of TFRS 9 on its financial statements.

Amendments to TAS 28 - Long-term Investments in Associates and Joint Ventures

Amendments to TAS 28 were also made by the POA in December 2017 to clarify the need to apply TFRS 9 to the measurement of other financial instruments in which investments in associates and joint ventures are not applied. These investments are, in essence, the long-term retained shares of the entity, which form part of the net investment in subsidiaries or joint ventures. An entity applies TFRS 9 to the measurement of such long-term investments before applying the relevant paragraphs of TAS 28. When TFRS 9 is applied, no adjustment is made to the carrying amount of long-term investments resulting from the application of TAS 28. This amendment is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

The implementation of this amendment to TAS 28 is not expected to have a significant impact on the Company's financial statements.

New and updated standards and interpretations published by the International Accounting Standards Board (IASB) but not yet published by the POA

The new standards, interpretations and amendments to the existing International Financial Reporting Standards ("IFRS") listed below are published by the International Standards Board ("IASB"), but these new standards, interpretations and amendments have not yet been adopted / published by the POA. Accordingly, the standards issued by the IASB but not yet published by the POA are referred to as IFRS or IAS, and the Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

New and updated standards and comments published by the IASB but not yet published by the POA

Annual improvements 2015-2017 Period

Improvements in IFRS

Annual Improvements to IFRS / 2015-2017 Periods issued for the standards currently in force is presented below. These amendments are effective from 1 January 2019 and early application is permitted. The implementation of these amendments to IFRSs is not expected to have a significant impact on the Company's financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 have been amended to clarify how to account for the increase in ownership interests in a joint operation that meets the entity definition. When one of the joint parties obtains the control power, it will have to re-measure the previously acquired share of the buyer at fair value, taking into account the progressive business combination. When the joint control of one of the parties continues (or has achieved joint control), it is not necessary to recalculate the previous share.

IAS 12 Income Taxes

IAS 12 has been amended to clarify the accounting for income taxes (including payments to financial instruments classified as equity) consistent with the transactions that generate the distributable profit (eg in profit or loss, other comprehensive income or equity) consistent with dividends arising from dividends.

IAS 23 Borrowing Costs

IAS 23 was amended to clarify that the general purpose borrowing fund used in calculating capitalized borrowing costs when financing activities are carried out from a single center is not to be included in the amounts currently borrowed for the financing of qualifying assets that are currently under development or under construction. The amounts directly borrowed for the financing of any qualifying assets - or any assets that are not available for sale - must be included in the general purpose borrowing fund.

Amendments to IAS 19 - Amendment to the Plan, Reduction or Execution of Liabilities

Amendment to the Plan, "*Amendment to the Plan or Amendment to Liabilities*"(Amendments to IAS 19) was issued by the IASB on 7 February 2018. The amendment clarifies the recognition of the fulfillment of the obligations as well as a change in the plan or downsizing. A company will then use the updated current actuarial assumptions to determine the cost of service and the net interest cost of the period, and will not take into account the impact of the asset ceiling in the calculation of any gain or loss arising from the fulfillment of any obligation in relation to the plan, the effects of which are dealt with separately in other comprehensive income. It will be taken. This amendment is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

The implementation of this amendment to IAS19 is not expected to have a significant impact on the Company's financial statements.

New and updated standards and comments published by the IASB but not yet published by the POA

Conceptual Framework (updated)

The updated Conceptual Framework was published by the IASB on 28 March 2018. Conceptual Framework; It introduces the basic framework that will provide guidance to financial reporting when developing new IFRSs to the IASB. Conceptual Framework; It helps to ensure that standards are conceptually consistent and that similar transactions are handled in the same way, and thus provide useful information for investors and lenders, and other stakeholders. The Conceptual Framework provides accounting policies for companies where no IFRS is applicable for a particular transaction. and, more broadly, to help stakeholders understand and interpret these standards. The updated Conceptual Framework is more comprehensive than its predecessor and aims to provide all the necessary tools for the establishment of standards to the IASB. The updated Conceptual Framework covers all aspects of establishing a standard starting from the purpose of financial reporting to presentation and disclosure. The updated Conceptual Framework will be effective for companies using the Conceptual Framework to develop accounting policies when a IFRS is not applicable for a particular transaction, even though early implementation is permitted, starting from January 1, 2020 and onwards.

NOTE 3. BUSINESS COMBINATIONS

As of 31 December 2018 and 31 December 2017, the Group has no business combinations.

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

NOTE 4. SHARES IN OTHER ENTITIES

The joint venture of our Company is Neteks İletişim Ürünleri Dağıtım A.Ş. and Neteks Teknoloji A.Ş. is consolidated according to equity method. The summary financial information of this company is given below.

Neteks İletişim Ürünleri Dağıtım A.Ş.

Financial Statement Components	31 December 2018	31 December 2017
Current Assets	135.002.092	292.317.611
Non-Current Assets	4.672.806	1.523.355
Total Assets	**139.674.898**	**293.840.966**
Short Term Liabilities	134.464.379	277.498.729
Long Term Liabilities	-	45.572
Total Equity	5.210.519	16.296.665
Total Liabilities and Shareholders Equity	**139.674.898**	**293.840.966**

Financial Statement Components	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Sales	285.086.047	323.251.826
Gross Profit	5.901.734	13.573.080
Main Operating Profit	13.235.501	3.494.399
Net Profit/Loss	(15.422.693)	(2.456.399)

Neteks Teknoloji A.Ş.(*)

Financial Statement Components	31 December 2018	31 December 2017
Current Assets	115.626.985	28.254
Non-Current Assets	2.059.960	-
Total Assets	**117.686.945**	**28.254**
Short Term Liabilities	122.723.963	15.015
Long Term Liabilities	58.344	-
Total Equity	(5.095.362)	13.239
Total Liabilities and Shareholders Equity	**117.686.945**	**28.254**

Financial Statement Components	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Sales	288.112.268	-
Gross Profit	9.345.016	-
Main Operating Profit	6.132.842	(11.761)
Net Profit/Loss	(4.520.274)	(11.761)

(*) 50% shareholding was made to Neteks Teknoloji Ürünleri Anonim Şirketi on 26.12.2017 and TL 25.000 of the capital commitment has been paid as of the report date.

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

NOTE 5. SEGMENT REPORTING

The group has classified its reportable segments as information technology, telecom and logistics. The information technology group consists of sales of computers, mobile phones and computer components such as PC, laptop, mobile phone, electronic home products, networking products.Telecom group about Türk Telekom distributionship, sales consist of mobile telephones, mobile devices, accessories, GSM line, and credit units. Information on gross profit / loss on the basis of the Group's operating segments is as follows:

1 January 2018- 31 December 2018

Income Statement	Information Technologies	Telecom	Logistics	Total	Overcome	Consolidated
Non-Departmental Revenue	3.154.753.372	745.783.120	2.866.288	3.903.402.780	-	3.903.402.780
Interdepartmental Revenue	-	-	26.697.400	26.697.400	(26.697.400)	-
Revenue	**3.154.753.372**	**745.783.120**	**29.563.688**	**3.930.100.180**	**(26.697.400)**	**3.903.402.780**
Cost of Sales (-)	(3.001.269.479)	(715.880.494)	-	(3.717.149.973)	-	(3.717.149.973)
Gross Profit / Loss	**153.483.893**	**29.902.626**	**29.563.688**	**212.950.207**	**(26.697.400)**	**186.252.807**

1 January 2017-31 December 2017

Income Statement	Information Technologies	Telecom	Logistics	Total	Overcome	Consolidated
Non-Departmental 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)	-
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**

NOTE 6. CASH AND CASH EQUIVALENTS

The Group's Cash and Cash Equivalents details for the ends of the periods are as follows:

Account Name	31 December 2018	31 December 2017
Cash	104.679	51.835
Bank (Demand Deposit)	28.621.960	56.241.989
Held to Maturity Financial Assets (Reverse Repo and Term Deposit	415.036.781	227.743.439
Credit Card Slips	2.272.992	138.674
Total	**446.036.412**	**284.175.937**

The current and previous period credit card slip collection is 1-3 days.

As of December 31, 2018, reverse repurchase and time deposits transactions have a maturity of 2-171 days and an interest income of 1.451.777 TL has been accrued. The reverse repo is made in EUR, TL and USD and interest rates are between 0,90% for EUR and 19,11-25,10% for TL and between 2,02% and 6,24% for USD.

As of December 31, 2017, reverse repo and time deposit transactions are 4-32 days and TL 177.400 has been accrued as interest income. The reverse repo was made in TL and USD and the interest rates are between 6,15% and 12,63% for TL and between 0,58% - 3,67% for USD.

As of 31 December 2018 and 31 December 2017, there are no blocked or pledged amounts in the Cash and Cash Equivalents account group.

Cash and cash equivalents in cash flow statements of the Group are stated as cash and cash equivalents less interest income accrual.

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

Account Name	31 December 2018	31 December 2017
Cash and Cash Equivalents	446.036.412	284.175.937
Interest Income Accruals (-)	(1.451.777)	(177.400)
Total	**444.584.635**	**283.998.537**

NOTE 7. FINANCIAL INVESTMENTS

Short Term Financial Investments

None.

Long Term Financial Investments

None.

NOTE 8. SHORT AND LONG TERM BORROWINGS AND SHORT TERM PORTIONS OF LONG TERM BORROWINGS

The details of short-term borrowings by the end of the period are presented below:

Account Name	31 December 2018	31 December 2017
Bank Loans	259.040.971	109.114.561
Leasing Payables	98.047	374.413
Deferred Financial Leasing Borrowing Costs (-)	(4.933)	(13.042)
Total	**259.134.085**	**109.475.932**

The details of the short-term portion of long-term borrowings by the end of the period are as follows:

Account Name	31 December 2018	31 December 2017
Short Term Portions of Long Term Borrowings	27.130.066	30.535.801
Total	**27.130.066**	**30.535.801**

The details of long-term borrowings by the end of the period are presented below:

Account Name	31 December 2018	31 December 2017
Bank Loans	3.604.399	16.902.276
Leasing Payables	-	33.437
Deferred Financial Leasing Borrowing Costs (-)	-	(2.287)
Total	**3.604.399**	**16.933.426**

The short-term loans of Datagate Bilgisayar Malzemeleri Ticaret A.Ş., which is a subsidiary of the Company, amounted to TL 31.737.716, the short-term portion of long-term loans amounted to TL 27.130.066 and the long-term loans amounted to TL 3.604.399. TL 62.472.181 (31 December 2017 49.503.571 TL) 6 months sold to the subscribers via Türk Telekom Group's (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) are the guarantors of the financing of mobile devices within the scope of 12 months, 24 months and 36 months term campaigns. Receivables from dealers are transferred to Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) Within the scope of these registered campaigns and Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) are collected and paid to banks.

The receivables of the Company, which are mediated by Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.), are also transferred to the factoring companies as transferable and disposible. As per the terms and dispositions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) in the maturity dates.

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

Reconciliation of financial borrowings is as follows:

Account Name	31.12.2018	31.12.2017
Beginning Balance	156.945.159	196.696.440
Current Principal and Interest Inputs	724.545.092	361.494.420
Current Period Principal and Interest Payments	(601.373.863)	(402.042.471)
Interest Accruals at the End of the Period	9.752.162	796.770
Balance at the End of the Period	**289.868.550**	**156.945.159**

The details of short-term bank loans are presented below:

31 December 2018

Type	Currency Amount	TL Amount	Annual Interest Rate (%)
Short-Term Loans			
TL Loans		*98.649.905*	*18,71 – 43,15*
Leasing Loans (EURO)	*15.447*	*93.115*	*6,21- 6,99*
USD Loans	*30.487.381*	*160.391.065*	*4,90-9*
Total Loans		**259.134.085**	

31 December 2017

Type	Currency Amount	TL Amount	Annual Interest Rate (%)
Short-Term Loans			
TL Loans		*78.772.813*	*16,61-18,24*
Leasing Loans (EURO)	*80.029*	*361.371*	*6,21*
USD Loans	*8.044.155*	*30.341.748*	*5,18-5,43*
Total Loans		**109.475.932**	

The details of short-term portions of long-term loans are presented below:

31 December 2018

Type	Currency Amount	TL Amount	Annual Interest Rate (%)
TL Loans		27.130.066	*18,05-31,90*
Total Loans		**27.130.066**	

The details of short-term portions of long-term loans are presented below:

31 December 2017

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

The details of long-term bank loans are presented below:

31 December 2018

Type	Currency Amount	TL Amount	Annual Interest Rate (%)
TL Loans	-	*3.604.399*	*18,11-31,90*
Total Loans		***3.604.399***	

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

31 December 2017

Type	Currency Amount	TL Amount	Annual Interest Rate (%)
TL Loans	-	16.902.278	*15,75-18,75*
Leasing Loans (EURO)	*6.898*	31.148	*6,21*
Total Loans		**16.933.426**	

Information on the maturities of long-term and short-term portion of bank loans and financial leasing liabilities are as follows:

	31 December 2018	31 December 2017
0-12 month	286.264.151	140.011.733
13-60 month	3.604.399	16.933.426
Total	**289.868.550**	**156.945.159**

NOTE 9. OTHER FINANCIAL LIABILITIES

The Company does not have short term financial liabilities.

NOTE 10. TRADE RECEIVABLES AND PAYABLES

The Group's Short-Term Trade Receivables details for the ends of the periods are as follows:

Account Name	31 December 2018	31 December 2017
Trade Receivables	613.558.276	903.172.654
*Trade Receivables from Related Parties **(Note:37)***	*1.323.223*	*1.654.639*
Trade Receivables from Non- Related Parties	*612.235.053*	*901.518.015*
-Other Receivables	*526.837.824*	*834.279.138*
-Disposition Receivables	*85.397.229*	*67.238.877*
Notes Receivables	89.054.092	215.888.241
Receivable Rediscount (-)	(15.320.686)	(19.589.634)
Doubtful Trade Receivables	17.074.242	14.094.833
Provisions for Doubtful Trade Receivables(-)	(17.074.242)	(14.094.833)
Total	**687.291.682**	**1.099.471.261**

As of 31 December 2018, TL 85.397.229 (31 December 2017 TL 67.238.877) short-term portion of the disposition receivables of Datagate Bilgisayar Malzemeleri Ticaret A.Ş. has been used for financing mobile devices within the scope of 6 months, 12 months, 24 months and 36 months scheduled campaigns sold to its subscribers through the dealers of Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş., all of which are Türk Telekom Group. (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.). TL 58.867.782 (December 31, 2017: TL 32.601.295) of this amount has been assigned to banks in response to the loans used by Datagate Bilgisayar Malzemeleri Ticaret A.Ş. under the same campaigns. Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has received the collection of device receivables from its subscribers in terms of the maturities of Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş.). and TTNET A.Ş. Credit is used by assigning the receivable amounts generated as a result of device sales to financial institutions.

The disposition receivables of the Company, which are mediated by Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.), are also transferred to the factoring companies as irrevocable and disposible. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) on maturity dates.

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

The Group's Long Term Trade Receivables as of 31 December 2018 and 31 December 2017 are explained below:

Account Name	31 December 2018	31 December 2017
Trade Receivables	6.551.338	21.256.686
Trade Receivables from Related Parties	-	-
Trade Receivables from Non- Related Parties	6.551.338	21.256.686
Disposition Receivable Rediscount (-)	(2.946.939)	(4.354.410)
Total	**3.604.399**	**16.902.276**

As of 31 December 2018, TL 6.551.338 (31 December 2017 TL 21.256.686) portion of the long-term portion of the disposition receivables of Datagate Bilgisayar Malzemeleri Ticaret A.Ş. has been used for the financing of mobile devices within the scope of 12 months, 24 months and 36 months registered campaigns sold to its subscribers through the dealers of Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş. and all of these receivables are under the guarantee of Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.).

Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has received the collection of device receivables from its subscribers in terms of the maturities of Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş.). and TTNET A.Ş. Credit is used by assigning the receivable amounts generated as a result of device sales to financial institutions. The receivables of the Company, which are mediated by Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.), are also transferred to the factoring companies as irrevocable and disposible. As per the terms and conditions, the principal and interest rates of the loans and factoring amounts are paid by Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.) on maturity dates.

As of December 31, 2018, TL 689.891.682 of short-term loans and TL 3.604.399 of long-term loans amounting to TL 690.896.081 is as follows and TL 91.948.567 of Türk Telekom Group (Türk Telekomünikasyon A.Ş. , Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş). are covered by the guarantee and the Group has received a guarantee from the customers for a receivable of TL 80.708.579. The remaining portion of TL 518.238.935 of the trade receivable which is TL 263.892.280 is covered by the insurance company Euler Hermes. Additional explanations on the nature and level of risks in trade receivables are disclosed in Note: 38.

As of 31 December 2017, 1.099.471.261 of short term loans of and TL 1.116.373.537 of long term loans amounting to TL 16.902.276 is as follows and TL 88.495.563 of the receivable from Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A). is under the guarantorship of the Group Group has received a guarantee from the customers for a receivable of TL 216.658.308. The remaining portion of TL 811.219.666 of the trade receivable which is TL 363.847.650 is covered by the insurance company Euler Hermes. Additional explanations on the nature and level of risks in trade receivables are disclosed in **Note: 38**.

Until 31.03.2019 in the Group's insuring on trade receivables within the borders of Turkey, Group has insurance policy with Euler Hermes Sigorta A.Ş. (Guarantee ratio is determined as 90% for the trade receivables that are requested for credit limit.)

Doubtful Receivables Movements Provision:

	1 January- 31 December 2018	1 January - 31 December 2017
Balance at the Beginning of the Period (-)	(14.094.833)	(11.687.302)
TFRS 9 adjustment **(Note:2.06)**	(538.749)	-
Period Expenses (-)	(2.440.660)	(2.407.531)
Balance at the End of the Period	**(17.074.242)**	**(14.094.833)**

Additional explanations on the nature and level of risks in trade receivables are disclosed in **Note: 38**.

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

The details of trade payables at the end of the period are presented below:

Account Name	31 December 2018	31 December 2017
Suppliers	654.823.471	1.268.756.140
Other Suppliers	*654.822.011*	*1.265.487.871*
*Related Party Suppliers(**Note:37**)*	*1.460*	*3.268.269*
Notes Payable	1.079.497	-
Notes Rediscount (-)	(6.224.615)	(18.008.333)
Total	**649.678.353**	**1.250.747.807**

The Group does not have Long Term Trade Payables as of the period end.

The average maturity of trade receivables and payables is less than three months. In the case of rediscount of trade receivables and payables, compound interest rates of government securities are used as effective interest rate in TL receivables and payables.

On the other hand, Libor and Eurobor rates are used in the accrual of the receivables and payables in USD and EURO. 31 December 2018 Rates: TL 23,44% USD 3,0054 (31 December 2017 Rates: TL% 13,5 USD% 2,1067 EURO% 0,24386)

NOTE 11. OTHER RECEIVABLES AND PAYABLES

The details of short-term other receivables at the end of the period are as follows:

Account Name	31 December 2018	31 December 2017
Deposits and Guarantees Given	14.105	14.105
Other Receivables	2.611.627	974
Due from Employees	329.164	306.288
Non-Trade Receivables from Related Parties ***(Note:37)***	4.128	30.045
Total	**2.959.024**	**351.412**

TL 2.055.184 of other receivables will be received from the tax office.

The details of long term other receivables as of the period end are as follows:

Account Name	31 December 2018	31 December 2017
Deposits and Guarantees Given	51.037	51.685
Total	**51.037**	**51.685**

Additional explanations on the nature and level of risks in other receivables are set out in **Note: 38**.

The details of short-term other liabilities as of the period end are as follows:

Account Name	31 December 2018	31 December 2017
Taxes, Deductions and Fees Payable	15.702.963	25.886.712
Non-Trade Payables to Related Parties **(Note:37)**	-	-
Other Payables	84.177	95.409
Total	**15.787.140**	**25.982.121**

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

NOTE 12. DERIVATIVE INSTRUMENTS

There are no derivative instruments included in Current Assets.

The derivative instruments included in Short Term Liabilities are as follows:

Account Name	31 December 2018	31 December 2017
Derivative Financial Instruments Payable	5.153.208	1.308.094
Total	**5.153.208**	**1.308.094**

As of 31 December 2018, the Group has made a foreign exchange purchase agreement amounting to USD 10.141.072 and USD 598.510 with a maturity of 0 - 3 months and USD 56.500 with a maturity of 4-12 months. As of December 31, 2018, the fair value of these contracts amounted to TL 62.409.434 and TL 5.153.208, which is the valuation difference, has been recorded.

As of December 31, 2017, the Group has made a foreign currency purchase agreement amounting to USD 2.786.117 with a maturity of 0 - 3 months. As of December 31, 2017, the fair value of these contracts amounted to TL 56.533.994 and TL 1.308.094 was recorded as an expense.

NOTE 13. INVENTORIES

The details of the inventories as end of periods are as follows:

Account Name	31 December 2018	31 December 2017
Trade Goods/(Merchandise)	226.441.469	401.442.835
Goods in Transit	50.841.570	37.640.633
Inventory Impairment Provision (-)	(9.661.462)	(8.509.687)
Total	**267.621.577**	**430.573.781**

The products whose invoices are arranged but their entry into the stocks are taken into account lately recorded in Goods in Transit account.

Inventory Impairment Provision movements:

	1 January- 31 December 2018	1 January- 31 December 2017
Balance at the Beginning of the Period (-)	(8.509.687)	(4.097.895)
Provision Canceled due to Net Realizable Value Increase (+)	-	-
Current Period Provisions (-)	(1.151.775)	(4.411.792)
Balance at the End of the Period	**(9.661.462)**	**(8.509.687)**

The inventory value decrease is calculated with increasing percentages due to the increase in inventory waiting times for the goods that are waiting for more than 3 months in inventory.

As of December 31, 2018, **TL 45.685.856** of the inventories is recognized at net realizable value and the rest of the inventory is stated in the financial statements. (As of 31 December 2017, **TL 38.721.298** of inventory is carried at cost with net realizable value and its cost is included in financial statements.) Provision for inventory impairment is associated with cost of sales.

Explanation	31 December 2018	31 December 2017
Cost Value	55.347.318	47.230.985
Inventory Impairment Provision	(9.661.462)	(8.509.687)
Net Realizable Value **(a)**	45.685.856	38.721.298
Carried at Cost Amounts **(b)**	221.935.721	391.852.483
Total Inventories (a+b)	**267.621.577**	**430.573.781**

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

There is no invemtory given as collateral for liabilities.

The insurance value of the assets is given in **Note: 22**.

The stock amount written in expense within the period is included in **Note: 28**.

NOTE 14. BIOLOGICAL ASSETS

None.

NOTE 15. PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses as of 31 December 2018 and 31 December 2017 are explained below.

Account Name	**31 December 2018**	**31 December 2017**
Short Term Prepaid Expenses	3.259.906	2.694.396
Advances Given to Suppliers	10.104.017	5.195.891
Total	**13.363.923**	**7.890.287**

Deferred Income as of 31 December 2018 and 31 December 2017 are explained below.

Account Name	**31 December 2018**	**31 December 2017**
Advances Received from Customers	14.173.605	58.005.823
Short Term Deferred Income	49.311.499	24.256.671
Total	**63.485.104**	**82.262.494**

As of December 31, 2018, TL 2.500.373 of the advances received is TL virtual and TL physical of Datagate Bilgisayar Malzemeleri A.Ş. due to advances received for load minute units, there exists no real estate sales advances.

As of 31 December 2017, TL 36.401.733 of advances received by Teklos Teknoloji Lojistik Hizmetleri A.Ş. 2.483.725 TL of the real estate sales advances is due to the advances received for the sales of virtual TL and physical TL Datagate Bilgisayar Malzemeleri A.Ş.

Amounts that have been invoiced but whose products have not been shipped are followed under "Short Term Deferred Income" account.

NOTE 16. INVESTMENT VALUED BY THE EQUITY METHOD

Investments valued by equity method liabilities are as follows:

	31 December 2018	**31 December 2017**
Investments Valued by the Equity Method	3.221.926	8.771.537
Investments Valued by the Equity Method Liabilities	(2.547.681)	-
Total	**674.245**	**8.771.537**

Investments valued by equity method are as follows:

Company Name	**Participation Rate**	**31 December 2018**	**31 December 2017**
Neteks İletişim Ürünleri Dağıtım A.Ş.	50	3.221.926	8.764.917
Neteks Teklonoji Ürünleri A.Ş.	50	-	6.620
Total		**3.221.926**	**8.771.537**

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

Liabilities from investments accounted for using the equity method are as follows:

Company Name	Participation Rate	31 December 2018	31 December 2017
Neteks Teklonoji Ürünleri A.Ş.	50	2.547.681	-
Total		**2.547.681**	-

Fair Value Movement Statement for the investments accounted for using the Equity Share method as follows:

	31 December 2018	31 December 2017
January 1 Beginning Balance	8.771.537	9.363.466
Participate in Neteks Tekloji A.Ş.	-	12.500
Period Profit Share	(9.971.483)	(1.234.080)
Foreign Currency Conversion Differences and Actuarial Gains	1.874.191	629.651
Balance at the End of the Period	**674.245**	**8.771.537**

As of 31 December 2018 and 31 December 2017, there is TL 616.776 of goodwill recognized in equity investments.

The summary financial information related to the investments accounted for by the equity method is shown in Note: 4.

NOTE 17. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	31 December 2018	31 December 2017
Revenue Share Investment Properties	-	12.701.216
Other Investment Properties	26.031.431	2.642.108
Total	**26.031.431**	**15.343.324**

The details of the Revenue Share Investment Properties are as follows:

31 December 2018

Cost

Account Name	1 January 2018	Purchases	Sales (-)	Transfer	31 December 2018
Land	8.173.971	-	(5.929.006)	(2.244.965)	-
Underground and Overland Plants	20.270	-	(20.270)	-	-
Buildings	6.805.481	-	(6.805.481)	-	-
Total	**14.999.722**	-	**(12.754.757)**	**(2.244.965)**	-

Accumulated Depreciation

Account Name	1 January 2018	Period Amortization	Sales	Transfer	31 December 2018
Underground and Overland Plants	(20.270)	-	20.270	-	-
Buildings	(2.278.236)	-	2.278.236	-	-
Total	**(2.298.506)**	-	**2.298.506**	-	-
Net Value	**12.701.216**		-		-

As of December 31, 2018, there is no real estate with respect to revenue sharing. (31 December 2017: TL 12.701.216) TL 2.244.965 has been transferred to other real estates and buildings accounts for investment purposes.

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

In the framework of the application of Article 18 of the Development Plan Law No. 3194 of the 40.000 m2 real estate under the ownership of 99.99% affiliated partner Teklos A.Ş and located in Sarıyer İlçesi Ayazağa Mahallesi Cendere yolu No: 13, the contract was signed with Seba İnşaat A.Ş. with the revenue sharing procedure and the "Construction License" was received on 19.01.2015. The share of real estate revenue share related to the revenue share is determined by our affiliate Teklos A.Ş. 40.5% for the other three land owners, and the contractor was understood as Seba İnşaat A.Ş. for 53.5%.

- Project; all workplace; Total construction area on the land of 24.651 m2 is 106.330 m2 and the totalable construction area is 62.362 m2 and the project consists of 204 independent parts.

- 47.053 m2 of the project has been sold and the amount received by our affiliate in 2017 and 2018 is 208.353.607 TL.

- A total of 7.149 m2 of workplaces were acquired by acquiring 2.105 m2 of which 5.044 m2 of which were to be used as the headquarters of the Group Companies and which were acquired and the acquisition cost was TL 46.311.632.

- As of December 31, 2018, revenue sharing agreement has been concluded. As per the related contract, sales, cost and gross profit figures of the years 2017 and 2018 are summarized in the following table:

Year	Sales	Cost	Gross Profit
2017	123.943.783 TL	15.055.815 TL	108.887.968 TL
2018	84.409.824 TL	10.456.251 TL	73.953.573 TL
Total	**208.353.607 TL**	**25.512.066 TL**	**182.841.541 TL**

The details of other investment properties are as follows:

31 December 2018

Cost

Account Name	1 January 2018	Purchases	Sales (-)	Transfer	31 December 2018
Land	1.571.151	-	-	-	1.571.151
Buildings	1.194.805	-	(20.380)	23.546.100	24.720.525
Total	**2.765.956**	-	**(20.380)**	**23.546.100**	**26.291.676**

Accumulated Depreciation

Account Name	1 January 2018	Period Amortization	Sales	Transfer	31 December 2018
Buildings	(123.848)	(23.489)	4.822	(117.730)	(260.245)
Total	**(123.848)**	**(23.489)**	**4.822**	**(117.730)**	**(260.245)**
Net Value	**2.642.108**				**26.031.431**

The net amount of other investment properties is TL 26.031.431 and TL 2.624.187 (31 December 2017 TL 2.642.108) net book value consists of real estates which are acquired against the receivables from dealers in İstanbul and Tekirdağ. The Group Management believes that the registered value of the buildings in Tekirdağ is close to the fair value. To the headquarters of the consolidated Companies, net assets amounting to TL 23.407.244 are classified in investment properties.

Information regarding the accounts where depreciation and amortization expenses are accounted for is included in Note: 30-31. Information on depreciation rates and methods of investment properties is given in Note: 2.08.16. There is no rent income obtained from investment properties in the current period.

Expenses of other investment properties are accounted for under operating expenses. (Note: 31)

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

Information on all kinds of mortgages, restrictions and annotations on the Company's assets is disclosed in **Note: 22.**

In addition to this, there is no restriction on the use of cash obtained from the investment or incomes of investment properties.

The insurance guarantee coverage on the assets is given in **Note: 22.**

The details of the Revenue Share are as follows:

31 December 2017

Cost

Account Name	1 January 2017	Purchases	Sales (-)	Transfer	31 December 2017
Land	17.863.263	-	(9.689.292)	-	8.173.971
Underground and Overland Plants	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	1 January 2017	Period Amortization	Sales	Transfer	31 December 2017
Underground and Overland Plants	(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	1 January 2017	Purchases	Sales (-)	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	1 January 2017	Period Amortization	Sales	Transfer	31 December 2017
Underground and Overland Plants	-	-	-	-	-
Buildings	(99.952)	(23.896)	-	-	(123.848)
Total	**(99.952)**	**(23.896)**	-	-	**(123.848)**
Net Value	**2.666.004**				**2.642.108**

NOTE 18 TANGIBLE ASSETS

The net value of Tangible Assets of as of 31 December 2018 and 31 December 2017 for the Group for the periods are as follows:

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

31 December 2018

Cost

Account Name	1 January 2018	Purchases	Sales (-)	Transfer	31 December 2018
Buildings	-	44.066.667	-	(21.301.135)	22.765.532
Plant, Machinery and Equipments	4.062.181	-	-	-	4.062.181
Vehicles	3.364.688	271.476	(174.482)	-	3.461.682
Furniture and Fixtures	9.295.860	760.402	(883.236)	-	9.173.026
Leasehold Improvements	5.482.003	457.000	-	-	5.939.003
Total	**22.204.732**	**45.555.545**	**(1.057.718)**	**(21.301.135)**	**45.401.424**

Accumulated Depreciation

Account Name	1 January 2018	Period Amortization	Sales	Transfer	31 December 2018
Underground and Overland Plants	-	-	-	-	-
Buildings	-	(231.558)	-	117.730	(113.828)
Plant, Machinery and Equipments	(3.342.638)	(471.127)	-	-	(3.813.765)
Vehicles	(1.905.069)	(424.564)	174.482	-	(2.155.151)
Furniture and Fixtures	(7.267.628)	(782.244)	595.968	-	(7.453.904)
Leasehold Improvements	(3.818.925)	(1.069.713)	-	-	(4.888.638)
Total	**(16.334.260)**	**(2.979.206)**	**770.450**	**117.730**	**(18.425.286)**
Net Value	**5.870.472**				**26.976.138**

31 December 2017

Cost

Account Name	1 January 2017	Purchases	Sales (-)	Transfer	31 December 2017
Plant, Machinery and Equipments	4.056.644	5.537	-	-	4.062.181
Vehicles	2.690.648	1.398.680	(724.640)	-	3.364.688
Furniture and 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	1 January 2017	Period Amortization	Sales	Transfer	31 December 2017
Plant, Machinery and Equipments	(2.866.217)	(476.421)	-	-	(3.342.638)
Vehicles	(2.334.473)	(214.140)	643.544	-	(1.905.069)
Furniture and 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**

Other Information:

The total amount of amortization expense and depreciation are included in operating expenses.

There is no mortgage on buildings located in the asset. The insurance value of the assets is given in Note 22.

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

NOTE 19 INTANGIBLE ASSETS

31 December 2018

Cost

Other intangible assets consist of works of art;The Group management decided to classify these assets as intangible assets.

There is no depreciation arranged due to the fact that they do not provisioned.

31 December 2018

Cost

Account Name	1 January 2018	Purchases	Sales	Transfer	31 December 2018
Rights	4.390.421	515.337	-	-	4.905.758
Other Intangible Assets	130.810	-	-	-	130.810
Total	**4.521.231**	**515.337**	-	-	**5.036.568**

Accumulated Depreciation

Account Name	1 January 2018	Period Amortization	Sales	Transfer	31 December 2018
Rights	(1.252.904)	(363.009)	-	-	(1.615.913)
Total	**(1.252.904)**	**(363.009)**	-	-	**(1.615.913)**
Net Value	**3.268.327**				**3.420.655**

Other intangible assets consist of works of art. There is no depreciation due to the fact that they do not amortized during the period.

31 December 2017

Cost

Account Name	1 January 2017	Purchases	Sales (-)	Transfer	31 December 2017
Rights	4.187.206	347.065	(143.850)	-	4.390.421
Other Intangible Assets	130.810	-	-	-	130.810
Total	**4.318.016**	**347.065**	**(143.850)**	-	**4.521.231**

Accumulated Depreciation

Account Name	1 January 2017	Period Amortization	Sales	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**

Other intangible assets consist of works of art. There is no depreciation due to the fact that they do not amortized during the period.

Amortization expense and amortization are included in operating expenses.

Goodwill	31 December 2018	31 December 2017
Balance at the Beginning of the Period	1.897.699	1.897.699
Balance at the End of the Period	**1.897.699**	**1.897.699**

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

The goodwill arising from the opening originates from the affiliate Datagate Bilgisayar A.Ş. and the subsidiary of the company is open to the public. The goodwill amount related to this company is reviewed at least once a year. The most recent evaluation for Datagate was made as of December 31, 2018 and December 31, 2017 and no impairment was determined.

NOTE 20 EMLOYEE BENEFITS PAYABLES

As of December 31, 2018 and December 31, 2017, Payables within Employee Benefits are explained below:

Account Name	31 December 2018	31 December 2017
Due to Personnel	106.089	7.018
Social Security Premiums Payable	633.757	1.144.086
Total	**739.846**	**1.151.104**

NOTE 21 GOVERNMENT INCENTIVES AND GRANTS

None.

NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Account Name	31 December 2018	31 December 2017
Price Difference Provisions	45.592.782	25.868.370
Litigation Provisions	344.637	318.710
Total	**45.937.419**	**26.187.080**

31 December 2018	Litigation Provision	Price Difference Provisions	Total
As of 1 January Balance	318.710	25.868.370	26.187.080
Additional Provision	90.927	45.592.782	45.683.709
Payment/Offsetting	-	(25.868.370)	(25.868.370)
Canceled Provisions	(65.000)	-	(65.000)
As of 31 December 2018	**344.637**	**45.592.782**	**45.937.419**

31 December 2017	Litigation Provision	Price Difference Provisions	Total
As of 1 January Balance	920.254	41.379.749	42.300.003
Additional Provision	-	25.868.370	25.266.826
Payment/Offsetting	(601.544)	(41.379.749)	(41.379.749)
Canceled Provisions	-	-	-
As of 31 December 2017	**318.710**	**25.868.370**	**26.187.080**

For the products sold at different prices for the previous period, the price difference invoices are taken from the customers and their provisions are set aside. In addition, in order to increase sales, customers are given targets, turnover premium, credit note, price difference etc. invoices are received and their provisions are set aside.

Contingent Assets and Liabilities;

31 December 2018

As of December 31, 2018, legal provisions are allocated for all lawsuits filed against the Group amounting to **TL 344.637** and these amounts are reflected in the financial statements. Almost all of the lawsuits are due to customs cases.

31 December 2017

As of December 31, 2017, legal provisions are allocated for all of the lawsuits filed against the Group amounting to **TL 318.710** and these amounts are reflected in the financial statements. Almost all of the lawsuits are due to customs cases.

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

Provisions for doubtful receivables of the Company for execution proceedi ng in accordance with TFRS 9 are **TL 17.074.242** and provisions for impairment are provided in the financial statements. (31.12.2017: **14.094.833 TL**)

Commitments not included in the liability;

31 December 2018

	TL	USD	EURO
Sureties Given	179.939.752	9.465.000	-
Guarante Letters Given	135.808.553	12.000.000	-
TOTAL	**315.748.305**	**21.465.000**	-

31 December 2017

	TL	USD	EURO
Sureties Given	208.161.876	10.815.000	-
Guarante Letters Given	196.749.002	12.765.000	-
TOTAL	**404.910.878**	**23.580.000**	-

The letters of guarantee given are composed of letters of guarantee given to some public institutions and domestic and foreign dealer companies that purchase goods. It is the guarantee of the debts arising from the purchase of goods. Since the debts related to the purchases of goods are paid in due dates, there is no resource outflow related to the guarantee letters.

iv) Total insurance amount of the assets;

31 December 2018

Type of Insured Asset	USD	TL
Trade Goods/(Merchandise)	121.000.000	-
Vehicles	-	3.894.711
Workplace, Plant, Machinery and Equipment	420.000	3.332.541
Total	**121.420.000**	**7.227.252**

Additional explanations on receivable insurance for trade receivables disclosed **Note: 10.**

31 December 2017

Type of Insured Asset	USD	TL
Trade Goods/(Merchandise)	105.000.000	-
Vehicles	-	3.033.257
Workplace, Plant, Machinery and Equipment	1.455.000	3.332.541
Total	**106.455.000**	**6.365.798**

The ceiling amount of commercial trade goods is explained above. The average of the premium base is not exceeding above average and the amount of merchandise is up to the inventory amount. The premium base cannot be less than 40% of the ceiling amount.

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

v) Ratio of Mortgages Given by the Company to Mortgage and Shareholders' Equity;

CPM's given by the Company	31 December 2018 Currency Amount	31 December 2018 TL Equivalent	31 December 2017 Currency Amount	31 December 2017 TL Equivalent
A. CPM's given on behalf of the Company's legal personality	-	198.939.353	-	244.897.305
Guarantee Letter (USD)	12.000.000	63.130.800	12.765.000	48.148.303
Guarantee Letter (EUR)				
Guarantee Letter (TL)	135.808.553	135.808.553	196.749.002	196.749.002
Collateral Notes and Checks (TL)				
Pledge				
Mortgage (USD)				
B. Total amount of CPM's given in favor of subsidiaries included in full consolidation		229.734.171	-	248.954.975
Surety (USD)	9.465.000	49.794.419	10.815.000	40.793.099
Surety (EURO)				
Surety (TL)	179.939.752	179.939.752	208.161.876	208.161.876
C. Total amount of CPM's given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given in favor of the parent company	-	-	-	-
ii. Total amount of CPM's given in favor of other Group companies which are not in scope of B and C above	-	-	-	-
iii. Total amount of CPMs given in favor of third parties not covered by Article C.	-	-	-	-
Total	-	**428.673.524**	-	**493.852.280**

The ratio of other CPM given by the Group to the equity is 0%: (31 December 2017: 0%)

NOTE 23 COMMITMENTS

None.

NOTE 24 LONG TERM PROVISIONS EMPLOYEE BENEFITS

Account Name	31 December 2018	31 December 2017
Severance Payment Provision	5.911.708	4.148.419
Total	**5.911.708**	**4.148.419**

In accordance with the provisions of the current Labor Law, employees who have terminated the employment contract to qualify for severance pay are obliged to pay their legal severance payment.

In addition, in accordance with the legislation in force, those who are entitled to severance pay are entitled to pay their legal severance pay. Severance pay as of 1 January 2019, TL 6.017,60 (31 December 2017: TL 5.001,76).

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the company's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects. Consequently, in the accompanying financial statements as at 31 December 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of December 31, 2018, the provisions have been calculated assuming an annual inflation rate of 14,00% and a discount rate of 18%, resulting in a real discount rate of 3,51%. (31 December 2017: 3,70% real discount rate).
The probability of non-disassociation of severance pay liabilities is 97,36% as of 31 December 2018. (31.12.2017: 97,29%)

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

Assumptions made for the Group's real discount rates are reviewed at each balance sheet date.

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
As of January 1	4.148.419	3.900.772
Current Period Service Cost	621.025	460.286
Actuarial Gains /(Losses)	893.782	(256.978)
Interest Cost	560.037	390.078
Reduction of Payment Benefits Loss Due to Dismissal	906.826	509.889
Payment (-)	(1.218.381)	(855.628)
Closing Balance	**5.911.708**	**4.148.419**

The provision for employment termination benefits is accounted for under all operating expenses.

The actuarial gains and losses recognized in TAS 19 as of 1 January 2013 are recognized in other comprehensive income in equity.

In the current period, the amount recognized as an actuarial loss is TL 893.782. As a result of the recognition of deferred tax income on other comprehensive income / expense, the other comprehensive net expense amounted to TL 715.026. The actuarial loss related to the investments accounted for by the equity method is TL 26.449 and the expense amounting to TL 741.475 is presented in the statement of comprehensive income.

In the previous period, the amount recognized as actuarial gain is TL 256.978. As a result of the recognition of deferred tax expense on other comprehensive income / expense, the other comprehensive net income was TL 205.582. The amount related to the investments accounted for under the equity method has been presented in the statement of comprehensive income after the addition of TL 4.776 and the total amount TL 210.358.

The accounts to which the provision for employment termination benefits (income) are recognized are as follows;

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
General Administrative Expenses	(2.087.888)	(1.360.253)
Other Income from Main Operations	-	-
Recognized in Profit or Loss (Expense) / Income	**(2.087.888)**	**(1.360.253)**
Actuarial Earnings Recognized in Other Comprehensive Income / (Losses)	(893.782)	256.978
Total Period Income / (Expense)	**(2.981.670)**	**(1.103.275)**

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Actuarial Earnings Recognized in Other Comprehensive Income / (Losses)	(893.782)	256.978
Tax Effect % 20	178.756	(51.396)
Amount	**(715.026)**	**205.582**
Actuarial Earnings with Minority/Equity Method	**11.738**	**6.180**
Net Amount	**(703.288)**	**211.762**

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

NOTE 25 CURRENT PERIOD TAX ASSETS AND LIABILITIES

As of 31 December 2018 and 31 December 2017, the current assets and liabilities related to the current period tax are explained below.

Account Name	31 December 2018	31 December 2017
Prepaid Taxes	257.030	-
Total	**257.030**	-

NOTE 26 OTHER ASSETS AND LIABILITIES

As of 31 December 2018 and 31 December 2017, the Other Current Assets are as follows:

Account Name	31 December 2018	31 December 2017
Credit Note Income Accruals	14.494.666	16.779.327
Deferred VAT	92.618	25.222.966
Work Advances	108.279	149.472
Total	**14.695.563**	**42.151.765**

NOTE 27 SHAREHOLDER'S EQUITY

i) Non-Controlling Interests

Account Name	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Beginning Balance	38.938.880	30.318.051
Non-Controlling Interests Gains / Losses	7.317.490	12.679.789
Foreign Currency Conversion Differences	(10.226)	(2.052)
Increase/Decrease due to Repurchase of Share Transactions	(217.474)	-
Minority Actuarial Gains/Losses	(37.265)	(1.404)
Subsidiary Dividend Payment Minority Share	(4.828.894)	(4.055.504)
Total	**41.162.511**	**38.938.880**

Account Name	31 December 2018	31 December 2017
Non-Controlling Interests	41.162.511	38.938.880
Total	**41.162.511**	**38.938.880**

ii) Capital / Capital Adjustments Due to Cross-Ownership / Shares Withdrawn

The capital of the Company consists of 56.000.000 shares with a nominal value of TL 1 each and the issued capital is 56.000.000 TL. The Company's paid-in capital of TL 56.000.000 consists of Group A registered shares amounting to TL 318,18 and Group B bearer shares amounting to TL 55.999.681,82.

The holders of Group A shares are entitled to determine a surplus of half of the members of the Board of Directors and to obtain a 5% share from the remaining profit after the first legal reserve and the first dividend is set aside.

The registered capital ceiling has been increased from TL 75.000.000 to TL 150.000.000 with the permission of the Capital Markets Board on 20.01.2014. The decision was adopted at the Board of Directors meeting held on 9 May 2014. The registered capital ceiling permission given by the Capital Market Board is valid for the years 2014-2018.

The paid-in capital of the consolidated balance sheet is the Company's paid-in capital; In the consolidated balance sheet, the paid-in capital of the subsidiaries has been eliminated with the participation account.

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

	31 December 2018		31 December 2017	
Shareholders	**Share Rate %**	**Share Amount**	**Share Rate %**	**Share Amount**
Nevres Erol Bilecik (*)	% 36,37	20.369.646	% 36,26	20.306.266
Alfanor 13131 AS	% 19,03	10.654.887	% 18,94	10.604.887
Open to the Public	% 42,23	23.648.012	% 42,43	23.761.392
Other	% 2,37	1.327.455	% 2,37	1.327.455
Total	**% 100**	**56.000.000**	**% 100**	**56.000.000**

The final control of the Group is from Nevres Erol Bilecik and his family members. The share of Nevres Erol Bilecik with its 63.380 shares in the public sector is 36,37%.

iii) Capital Reserves

None.

iv) Accumulated Other Comprehensive Income or Expenses which won't be classified in Profit or Loss

The Company's other accumulated comprehensive income and expenses that will not be reclassified to profit or loss for the periods are explained below.

Account Name	**31 December 2018**	**31 December 2017**
January 1 Balance	*(380.706)*	*(592.468)*
Actuarial (Losses) / Gains **(Note:24)**	*(893.782)*	*256.978*
*Tax Effect **(Note:24, Note:35)***	*178.756*	*(51.396)*
Minority Actuarial Gains/ Losses	*38.187*	*1.404*
Investments Valued by Equity Method Other Comprehensive Income Not to be Classified in Profit / Loss	*(26.449)*	*4.776*
Actuarial Gains and Losses (Net)	**(1.083.994)**	**(380.706)**
Revaluation and Remeasurement Gains and (Losses)	**(1.083.994)**	**(380.706)**
Other Gains and Losses	-	-
Accumulated Other Comprehensive Income or Expenses which won't be classified in Profit or Loss	**(1.083.994)**	**(380.706)**

v) Accumulated Other Comprehensive Income or Expenses which will be classified in Profit or Loss

The Movement Table of Foreign Currency Conversion Differences is as follows.

	31 December 2018	**31 December 2017**
Openning Balance as of January 1	13.479.683	13.098.437
Increase / Decrease	1.954.427	381.246
Balance at the End of the Period	**15.434.110**	**13.479.683**

There is no Cash Flow Hedging and there exists are no gains and losses.

vi) Restricted Reserves from Profit

Restricted reserves from profit consist of legal reserves.

According to article 519 of the Turkish Commercial Code ("TCC") No. 6102, the general legal reserve fund is divided into 5% of the annual profit until it reaches 20% of the company's paid-in capital. After reaching this limit, 10% of the total amount will be added to the general legal reserves after the dividend payment is paid to the shareholders. According to the Turkish Commercial Code, if the general legal reserve does not exceed half of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

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

vii) Retained Earnings

Retai ned Earnings consist of extraordinary reserves and other previous year losses.

Shares of publicly-held companies to the Article 19 of the Capital Market Law No. 6362 and the Capital Markets Board of Turkey (CMB) in accordance with the Communiqué on the Dividend of II-19.1, which came into force on 1 February 2014. According to the said Communiqué, there is no profit distribution obligation of the companies whose shares are traded on the stock exchange, the companies can distribute their profits in accordance with the profit distribution policies to be determined by the Board of Directors decision and in accordance with the provisions of the relevant legislation. In addition, according to the same Communiqué, profit share advance can be paid on the profits included in the interim financial statements.

The equity items of the Company fort he periods are as follows:

Account Name	**31 December 2018**	**31 December 2017**
Capital	56.000.000	56.000.000
Capital Conversion Differences	1.064.323	1.064.323
Repurchased Shares (-)	(1.705.805)	(798.565)
Share Premiums/Discounts	156.607	-
Accumulated Other Comprehensive Income Or Expenses Which Won't Be Classified In Profit Or Loss	(1.083.994)	(380.706)
-Revaluation and Measurement Earnings/Losses	*(1.083.994)*	*(380.706)*
Accumulated Other Comprehensive Income Or Expenses Which Will Be Classified In Profit Or Loss	15.434.110	13.479.683
- Hedging Fund (Note:9)	-	-
-Foreign Currency Conversion Differences	*15.434.110*	*13.479.683*
Reserves on Retained Earnings	31.006.238	22.488.830
- Legal Reserves	*29.859.188*	*21.341.780*
- Corporate Income Excluded from Corporate Tax	*1.147.050*	*1.147.050*
Previous Years' Profits/(Losses)	153.911.932	70.165.709
Net Profit/(Losses) for The Period	121.648.391	155.507.468
Parent Company Equity	**376.431.802**	**317.526.742**
Minority Shares	41.162.511	38.938.880
Total Shareholders' Equity	**417.594.313**	**356.465.622**

In case the Group acquires its financial instruments based on equity, the Repurchased Interest is deducted from the equity; no gain or loss is recognized in profit or loss from purchase, sale, issuing or cancellation. Amounts received or paid are directly accounted for in a manner that would reduce equity. The nominal amount of the shares taken back in 2013 was TL 162.402 and all of these shares were sold on 21 February 2018 at a price of TL 790.897. No gain or loss has been recognized in the statement of profit or loss due to the repurchase of these shares and the sale of the withdrawn shares. The gain amounting to TL 156.607 arising from the sale of undiscounted shares has been recorded in Share Premiums / Discounts. As of 31 December 2018, TL 1.225.481 of the shares received is composed of the main shareholder and the rest of the shares of the subsidiary Datagate A.Ş. The minority share is deducted from the amount that Datagate A.Ş.

In accordance with the CMB's decision dated 25 February 2005 and numbered 7/242; In the event that the amount of the profit distribution calculated in accordance with the CMB regulations on the distributable profit in accordance with the CMB regulations and the profit distribution amount calculated in accordance with the CMB's minimum profit distribution obligation, can be fully covered by the distributable profit in the statutory records, in case all of this amount is not met, the net distributable profit in the legal records shall be distributed in full amount.

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

NOTE 28 SALES / COST OF SALES

The Company's sales and cost of sales for the periods is explained below.

Account Name	1 January- 31 December 2018	1 January - 31 December 2017
Domestic Sales	3.863.118.055	4.747.381.408
Foreign Sales	81.674.843	31.914.839
Other Sales	67.677.208	50.917.599
Sale Returns (-)	(96.797.962)	(100.129.274)
Other Discounts and Rebates (-)	(12.269.364)	(10.459.836)
Net Sales	**3.903.402.780**	**4.719.624.736**
Cost of Goods Sold (-)	(3.717.149.973)	(4.533.260.188)
Gross Profit / (Loss)	**186.252.807**	**186.364.548**

NOTE 29 GENERAL AND ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Operating Expenses of the Company as of end of periods are explained below.

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
General and Administrative Expenses (-)	(48.998.994)	(39.586.834)
Marketing, Sales and Distribution Expenses (-)	(39.059.470)	(33.934.194)
Total Operating Expenses	**(88.058.464)**	**(73.521.028)**

NOTE 30 EXPENSES BY NATURE

The Group's Expenses by Nature for the periods are shown below:

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Marketing, Sales and Distribution Expenses and General Administrative Expenses (-)	**(88.058.464)**	**(73.521.028)**
- Personnel Expenses	(45.060.295)	(38.630.557)
- Logistics Expenses	(5.693.974)	(5.309.491)
- Depreciation and Amortization Expense	(3.365.653)	(2.877.698)
- Rental Expenses	(9.560.184)	(8.111.844)
- Communication Expenses	(420.734)	(396.317)
- Travel Expenses	(773.660)	(731.021)
- Transportation Expenses	(1.899.195)	(1.558.372)
- Consultancy and Audit Expenses	(1.998.288)	(1.224.375)
- Sales and Foreign Trade Expenses	(689.183)	(533.008)
- Insurance Expences	(6.520.200)	(4.419.046)
- Advertising and Promotion Expenses	(1.268.149)	(1.117.767)
- Taxes, Fees and Deductions	(257.061)	(174.446)
- Severance Payment Provision Expenses	(2.087.888)	(1.360.253)
- Doubtful Receivable Provision	(2.440.661)	(2.407.530)
- Other Expenses	(6.023.339)	(4.669.303)
Total Operating Expenses	**(88.058.464)**	**(73.521.028)**

Depreciation and amortization expenses and personnel expenses are included in the operating expenses account.

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

NOTE 31 OTHER MAIN OPERATING INCOME / (EXPENSES)

The Group's Other Main Operating Income/ (Expenses) for the periods are as follows:

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Other Main Operating Income	**140.575.964**	**130.091.027**
Provisions No Longer Required (Litigation)	-	620.221
Interest Eliminated from Sales	62.034.991	73.224.470
Interest and Rediscount Income	19.853.459	27.088.932
Exchange Rate Difference Income (Trade Receivables and Payables)	58.414.693	29.078.452
Other Income and Profit	272.821	78.952
Other Main Operating Expenses(-)	**(98.732.610)**	**(120.809.963)**
Interest Eliminated from Purchases	(41.420.093)	(66.506.669)
Interest and Rediscount Expense	(24.179.399)	(20.373.238)
Exchange Rate Difference Expenses (Trade Receivables and Payables)	(32.616.271)	(32.459.390)
Other Expenses and Losses (-)	(516.847)	(1.470.666)
Main Operating Other Income/(Expenses)	**41.843.354**	**9.281.064**

NOTE 32 INVESTMENT OPERATIONS AND INVESTMENTS VALUED BY THE EQUITY METHOD

The details of other income and expenses from the main activities are presented below:

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Investment Operations Income	**74.052.436**	**109.273.498**
Fixed Assets Sales Profits	98.863	385.530
Revenue Sharing Real Estate Sales Profits	73.953.573	108.887.968
Investment Operations Expenses (-)	-	-
Other Income/ Expenses (Net)	**74.052.436**	**109.273.498**

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Profit / (Loss) of Investments Valued by Equity Method	(9.971.483)	(1.234.080)
Other Income / Expenses (Net)	**(9.971.483)**	**(1.234.080)**

Explanatory information disclosed on footnote: 17.

NOTE 33 FINANCIAL INCOME / (EXPENSES)

The financial income of the Company for the periods are explained below.

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Interest Income	11.615.147	3.462.296
Foreign Currency Conversion Income	45.736.580	17.095.500
Total Financial Income	**57.351.727**	**20.557.796**

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

The financial expenses of the Company for the periods are explained below.

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Bank and Interest Expenses	(60.782.268)	(29.754.932)
Foreign Currency Conversion Expenses	(30.135.119)	(9.599.605)
Total Financial Expenses	**(90.917.387)**	**(39.354.537)**

The Group does not have any financing expenses capitalized during the period.

NOTE 34 FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 35 TAX ASSETS AND LIABILITIES

The Company's tax expense (or income) consists of current period's corporate tax expense and deferred tax expense (or income).

Account Name	31 December 2018	31 December 2017
Current Period Statutory Tax Provision	42.141.891	52.279.158
Prepaid Taxes (-)	(19.527.005)	(19.656.041)
Total Net Tax to be Paid	**22.614.886**	**32.623.117**

Tax assets and liabilities for periods are as follows:

Account Name	1 January - 31 December 2018	1 January - 31 December 2017
Current Period Statutory Tax Provision(-)	(42.141.891)	(52.279.158)
Deferred Tax Income / (Expenses)	554.782	9.099.154
Total Tax Income / (Expense)	**(41.587.109)**	**(43.180.004)**

Account Name	31 December 2018	31 December 2017
Deferred Tax Receivables/Payables Beginning of the Period	21.037.649	11.989.891
TFRS 9 Beginning Balance Adjustments	118.525	-
Actuarial Gains/Losses	178.756	(51.396)
Deferred Tax Income/ (Expenses)	554.782	9.099.154
Deferred Tax Assets/Liabilities for the End of the Period (Net)	**21.889.712**	**21.037.649**

i) Current Period Statutory Tax Provision

Advance tax in Turkey is calculated and accrued on a quarterly basis. In accordance with this, for the taxation of the Company's 2018 and 2017 earnings in the interim tax period, temporary tax is calculated as 22% for 2018 and 20% for 2017 over corporate earnings.

According to the Turkish tax law, losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit of the following years. However, the losses cannot be deducted retrospectively from the profits of previous years.

In accordance with Article 24 of the Corporate Tax Law No. 5520, the corporate tax return is disclosed upon the declaration of the taxpayer. There is no clear and definitive agreement on tax assessment procedures in Turkey. Pursuant to Article 25 of the Corporate Tax Law No. 5520, the corporation prepares and declares its tax returns from the first to the 25th day of the fourth month following the closing of the accounting period. It is possible to conduct an examination by the Tax Administration within the 5-year statute of limitations starting from the following fiscal period.

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

Corporate Tax rate applied in Turkey is 20%. However, with the provisional article 10 of the Law No. 5520 on the Amendment of Some Tax Laws No. 7061 and some other Laws entered into force by being published in the Official Gazette dated December 5, 2017 and published in the Official Gazette. The corporation tax rate for the corporate income of the taxation periods 2019 and 2020 (for the institutions that are assigned for the special accounting period in the relevant year) shall be applied as 22%. This amendment shall be effective for the taxation of periods beginning on 1 January 2018.

Income Withholding Tax

In addition to corporate taxes, in case of allocating get a dividend declarations and by incorporating this profit share of corporate income that all non-resident institutions and also through dividends except for those distributed to branches in Turkey of foreign companies income tax withholding should be calculated. With the Decree No. 2006/10731 of the Council of Ministers published in the Official Gazette dated 23 July 2006, the withholding tax rate has been increased from 10% to 15%.

ii) Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS and TFRS. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS / TFRS and tax basis and described below.

Timing differences arise from the differences between the income and expenses recorded for accounting and tax purposes for years. Timing differences, tangible fixed assets (excluding land), intangible assets, remeasurement of inventories and prepaid expenses, rediscount of receivables and payables, provision for severance pay, loss of prior years, etc. is calculated. At each balance sheet date, the Group reviews deferred tax assets and recalls deferred tax assets that cannot be deducted from taxable income in the following years. The deferred tax calculation is based on the corporate tax rate.

Account Name	**31 December 2018 Accumulated Interim Differences**	**31 December 2018 Deferred Tax Asset / (Liability)**	**31 December 2017 Accumulated Interim Differences**	**31 December 2017 Deferred Tax Asset / (Liability)**
Fixed Assets	(4.814.162)	(962.832)	(2.663.831)	(532.766)
Rediscount Expenses	77.351.215	17.017.267	99.516.935	21.893.726
Severance Payment Provision	5.911.708	1.182.342	4.148.419	829.684
Inventory Impairment Provision	9.661.462	2.125.522	8.509.687	1.872.131
Prediscount Income	(6.065.656)	(1.334.444)	(17.847.305)	(3.926.407)
Derivative Instruments	5.153.208	1.133.706	1.308.094	287.781
Other	12.400.692	2.728.151	2.788.641	613.500
Deferred Tax Assets / Liabilities		**21.889.712**		**21.037.649**

Account Name	**31 December 2018**	**31 December 2017**
Deferred Tax Receivables	21.890.267	21.057.671
Deferred Tax Payables (-)	(555)	(20.022)
Deferred Tax Receivables/Payables	**21.889.712**	**21.037.649**

NOTE 36 EARNINGS/(LOSSES) PER SHARE

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average number of shares of the Company in the year. Earnings per share amounts for the periods are calculated in the following way:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Net Profit/ Loss for the Period	121.648.391	155.507.468
Average Number of Shares	56.000.000	56.000.000
Earnings/(Losses) Per Share	**2,172293**	**2,776919**
Preferred Capital Stock Share Earnings	19.116,28	24.437,03
Ordinary Shares Earnings	2,063690	2,638088

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

NOTE 37 RELATED PARTY DISCLOSURES

a) Receivables from / Payables Balances to Related Parties:

	Receivables		Payables	
31 December 2018	**Trade Receivables**	**Other Receivables**	**Trade Payables**	**Other Payables**
Neteks A.Ş.	4.360	-	-	-
Homend A.Ş.	-	2.594	1.441	-
Desbil A.Ş.	-	1.534	-	-
Neteks Teknoloji A.Ş.	689.471	-	-	-
Neteks FZE	118.378	-	-	-
Despec A.Ş.	511.014	-	19	-
Total	**1.323.223**	**4.128**	**1.460**	**-**

	Receivables		Payables	
31 December 2017	**Trade Receivables**	**Other Receivables**	**Trade Payables**	**Other Payables**
Individual Partners		-	-	-
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**	**-**

The receivables and payables from related parties are not included in the collateral. There is no provision for provision for doubtful receivables related to related parties. Neteks Dış Ticaret A.Ş., Desbil, Despec and Homend are other related companies.

The current account balances between the parties are generally caused by the commercial transactions. However, in some cases, there may also be cash disbursements among companies. The balances due to non-commercial transactions are classified as non-trade payables or receivable. The Bank operates interest for current account balances and is billed on a quarterly basis. The Group operates interest rates on USD, EUR and TL for the current account balances in the current period, and the interest rates for 2018 are in the range of 8,00% - 8,50% for USD for the twelve month period and 8,00% - 8,50% for the EUR and the 26,00% and 34,00% TL respectively. 26,00% to 34,00%. (As at 31 December 2017, interest rates are between% 3,50 - 4,75% (% 3,50 - 3,75) and% (% 14-16).

b) Purchases from related parties and sales to related parties are as follows:

1 January 2018– 31 December 2018

Sales to Related Parties	**Service and Goods Sales**	**Joint Expense Participation**	**Interest and Exchange Rate Difference Income**	**Total Income / Sales**
Desbil A.Ş.	5.250	7.800	-	13.050
Despec A.Ş.	15.583.279	1.423.151	572.498	17.578.928
Homend A.Ş.	34.968	25.479	-	60.447
Neteks A.Ş.	70.577	1.343.395	306.106	1.720.078
Neteks FZE	2.544.732	-	-	2.544.732
Neteks Teknoloji	36.966	5.297.940	908.575	6.243.481
TOTAL	**18.275.772**	**8.097.765**	**1.787.179**	**28.160.716**

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

Purchases from Related Parties	Service and Goods Purchases	Joint Expense Participation	Interest and Exchange Rate Difference Expense	Total Expenses/ Purchases
Desbil A.Ş.	-	-	-	-
Despec A.Ş.	5.704.750	176.243	64.393	5.945.386
Neteks A.Ş.	1.284.392	-	286.403	1.570.795
Neteks Teknoloji	1.286.329	-	1.400.833	2.687.162
TOTAL	**8.275.471**	**176.243**	**1.751.629**	**10.203.343**

1 January 2017– 31 December 2017

Sales to Related Parties	Service and Goods Sales	Joint Expense Participation	Interest and Exchange Rate Difference Income	Total Income / Sales
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**

Purchases from Related Parties	Service and Goods Purchases	Joint Expense Participation	Interest and Exchange Rate Difference Expense	Total Expenses/ 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**

c) Senior management benefits and salaries:

Account Name	**1 January 2018 – 31 December 2018**	**1 January 2017 – 31 December 2017**
Short Term Benefits Provided to Senior Management and Salaries	8.754.480	7.347.969
Benefits due to Dismissal	-	-
Other Long Term Benefits	-	-
Total	**8.754.480**	**7.347.969**

The benefits and services provided to the senior management cover the remuneration of the general manager and assistant general managers.

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

NOTE 38 QUALIFICATIONS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(a) Capital Risk management

The Company, 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 Company 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 senior managemen evaluates the capital cost. 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.

The Company monitors capital by using the debt to total capital ratio. This ratio is calculated by dividing net debt by total capital.Net debt is calculated by deducting cash and cash equivalents from the total debt amount (as shown in the balance sheet, loans, financial leasing and trade payables). Total capital is calculated by summing the equity and net debt as shown in the balance sheet.

General strategy based on the Group's equity does not differ from the previous period.

	31 December 2018	31 December 2017
Total Liabilities	1.101.724.450	1.581.375.417
Minus (-) Cash and Cash Equivalents	(446.036.412)	(284.175.937)
Net Debt	655.688.038	1.297.199.480
Total Shareholders Equity	417.594.313	356.465.622
Total Equity	1.073.282.351	1.653.665.102
Ratio % (Net Debt/ Total Capital)	**61,09%**	**78,44%**

(b) Significant Accounting Policies

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

(c) Other Risks

Due to their activities, the Group is exposed to changes in interest rates, interest rates and other risks.

The Group also carries the risk that the counterparty may fail to meet the requirements of the agreement due to the possession of the financial instruments.

Market risks encountered at the Group level are measured on the basis of sensitivity analysis. In the current year, there has been no change in the Group's exposure to market risks or the manner in which it is exposed to risks or how it measures such risks.

(c1) Foreign Currency Risk and Management

Foreign currency transactions result in foreign currency risk. The Group is exposed to foreign exchange risk due to the changes in foreign exchange rates used in the translation of foreign currency assets and liabilities into Turkish Lira. The Group generally sells goods on the basis of foreign currency purchases. Therefore, there is no significant risk occurred due to exchange rate conversion risks. Due to the difference between the assets and liabilities recorded in the future, the trade risk is determined.

Since the Group mainly evaluates its deposits as foreign currency deposits, the Group is exposed to foreign exchange risk due to the changes in the foreign exchange rate due to the changes in the foreign currency denominated receivables and payables.

As of December 31, 2018 all other variables were fixed, while the general level of exchange rates was 10% higher and the Group's profit before tax would have been TL 16.331.324 higher (31 December 2017: TL 22.018.807 would have been higher).

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

Exchange Rate Sensitivity Analysis Table

31.12.2018 Current Period	Profit / Losses	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
USD against TRY by 10% value change;		
1- USD Net Asset / Liability	14.704.170	(14.704.170)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	**14.704.170**	**(14.704.170)**
EURO against TRY by 10% value change;		
4- EURO Net Asset / Liability	1.627.154	(1.627.154)
5- Hedged portion of Euro Risk (-)		
6- EURO Net Effect (4+5)	**1.627.154**	**(1.627.154)**
Other against TRY by 10% value change;		
7- Other Net Asset / Liability	-	-
8- Hedged portion of Other Risk (-)	-	-
9- Other Net Effect (7+8)	-	-
TOTAL	**16.331.324**	**(16.331.324)**

Exchange Rate Sensitivity Analysis Table

31.12.2017 Previous Period	Profit / Losses	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
USD against TRY by 10% value change;		
1- USD Net Asset / Liability	21.710.527	(21.710.527)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	**21.710.527**	**(21.710.527)**
EURO against TRY by 10% value change;		
4- EURO Net Asset / Liability	308.279	(308.279)
5- Hedged portion of Euro Risk (-)		
6- EURO Net Effect (4+5)	**308.279**	**(308.279)**
Other against TRY by 10% value change;		
7- Other Net Asset / Liability	-	-
8- Hedged portion of Other Risk (-)	-	-
9- Other Net Effect (7+8)	-	-
TOTAL	**22.018.807**	**(22.018.807)**

Currency Position Table

	Current Period			Previous Period		
	TL Equivalent	**USD**	**Euro**	**TL Equivalent**	**USD**	**Euro**
1. Trade Receivables	296.924.653	52.370.185	3.551.816	353.468.617	91.342.452	1.978.523
2a. Monetary Financial Assets	284.346.760	49.525.353	3.948.047	234.819.182	61.164.044	911.200
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	52.748.754	9.313.193	622.590	38.521.233	9.799.275	345.332
4. Total Current Assets (1+2+3)	**634.020.167**	**111.208.731**	**8.122.453**	**626.809.032**	**162.305.771**	**3.235.056**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Total Fixed Assets(5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**634.020.167**	**111.208.731**	**8.122.453**	**626.809.032**	**162.305.771**	**3.235.056**
10. Trade Payables	315.439.953	53.745.575	5.423.002	411.997.889	106.357.832	2.397.693
11. Financial Liabilities	160.494.016	30.490.145	14.667	30.704.093	8.045.173	79.394
12a. Other Monetary Liabilities	45.391.054	8.084.458	474.375	751.104	194.403	3.950
12b. Other Non- Monetary Liabilities	6.638.129	1.136.213	109.593	18.362.964	4.791.166	64.481
13. Total Short-Term Liabilities (10+11+12)	**527.963.152**	**93.456.391**	**6.021.637**	**461.816.050**	**119.388.574**	**2.545.518**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	30.814	-	6.824
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
17. Total Long-Term Liabilities (14+15+16)	**-**	**-**	**-**	**30.814**	**-**	**6.824**
18. Total Liabilities (13+17)	**527.963.152**	**93.456.391**	**6.021.637**	**461.846.864**	**119.388.574**	**2.552.342**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b	**57.256.226**	**10.197.572**	**598.510**	**55.225.898**	**14.641.400**	**-**
19a. Total Asset Amount of Hedged	57.256.226	10.197.572	598.510	55.225.898	14.641.400	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**163.313.241**	**27.949.912**	**2.699.326**	**220.188.066**	**57.558.597**	**682.714**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**59.946.390**	**9.575.360**	**1.587.819**	**144.803.899**	**37.909.088**	**401.862**
22. Total Fair Value of Financial Instruments Used for Currency Hedge						
23. Currency Hedged Portion Amount of Assets	62.409.434	10.197.572	598.510	56.533.994	14.641.400	-
24. Currency Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	81.674.843	-	-	31.914.839	-	-
26. Import	462.285.449	-	-	461.372.015	-	-

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

c2) *Credit Risk and Management:*

CREDIT RISK EXPOSURE RELATED TO FINANCIAL INSTRUMENTS CURRENT PERIOD	Receivables						
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other	Footnotes	Bank Deposits and Reverse Repo	Footnotes
Maximum credit risk exposure as of balance sheet date (A+B+C+D)	**1.323.223**	**689.572.858**	**4.128**	**3.005.933**		**443.658.741**	
- Collateralized or secured with guarantees part of maximum credit risk	-	436.549.426	-	-			
A. Book value of restructured otherwise accepted as past due and impaired financial assets	**1.323.223**	**689.504.685**	**4.128**	**3.005.933**	**10-11**	**443.658.741**	**6**
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	68.173				-	
- Guaranteed amount by commitment		-			**10-11**	-	**6**
C. Impaired asset net book value	-	-	-	-		-	
- Past due (gross amount)	-	17.074.242	-	-	**10-11**	-	**6**
- Impairment (-)		(17.074.242)			**10-11**	-	**6**
- Net value collateralized or guaranteed part of net value	-		-		**10-11**	-	**6**
- Not over due (gross amount)	-	-	-	-	**10-11**	-	**6**
- Impairment (-)					**10-11**	-	**6**
- Net value collateralized or guaranteed part of net value.					**10-11**	-	**6**
D. Off-balance sheet items bearing credit risk							

PREVIOUS PERIOD	Receivables						
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other	Footnotes	Bank Deposits and Reverse Repo	Footnotes
Maximum credit risk exposure as of balance sheet date (A+B+C+D)	**1.654.639**	**1.114.718.898**	**30.045**	**373.052**		**283.985.428**	
- Collateralized or secured with guarantees part of maximum credit risk	-	669.001.521	-	-			
A. Book value of restructured otherwise accepted as past due and impaired financial assets	**1.654.639**	**1.111.348.480**	**30.045**	**373.052**	**10-11**	**283.985.428**	**6**
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	3.370.420				-	
- Guaranteed amount by commitment		-			**10-11**	-	**6**
C. Impaired asset net book value	-	-	-	-		-	
- Past due (gross amount)	-	14.094.833	-	-	**10-11**	-	**6**
- Impairment (-)		(14.094.833)			**10-11**	-	**6**
- Net value collateralized or guaranteed part of net value	-		-		**10-11**	-	**6**
- Not over due (gross amount)	-	-	-	-	**10-11**	-	**6**
- Impairment (-)					**10-11**	-	**6**
- Net value collateralized or guaranteed part of net value.					**10-11**	-	**6**
D. Off-balance sheet items bearing credit risk							

(*) In determining the amount, factors that increase credit reliability such as collaterals received are not taken into consideration.

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

	Receivables	
Current Period (31 December 2018)	**Trade Receivables**	**Other Receivables**
1-30 days past overdue	1.775.774	-
1-30 month past overdue	792.181	-
More than 3 months past over due	167.402	-
Part secured with collateral, etc.	2.667.184	-

	Receivables	
Previous Period (31 December 2017)	**Trade Receivables**	**Other Receivables**
1-30 days past overdue	1.978.232	-
1-30 month past overdue	958.927	-
More than 3 months past over due	561.069	-
Part secured with collateral, etc.	127.808	-

As collaterals obtained from customers and checks and letters of guarantee are taken into consideration as factors that increase collateral and credit reliability.

Group's collection risk arises mainly from its trade receivables. Almost all of the trade receivables are due to receivables from dealers. The Group has established an effective control system on its dealers and the credit risk arising from these transactions is followed by the risk management team and the Group's management and limits are set for each dealer and limits are revised when necessary. Receiving sufficient collateral from dealers is another method used in the management of credit risk. The Group does not have a significant trade receivable risk due to the fact that it is a creditor from a large number of customers rather than a small number of customers. Trade receivables are evaluated by taking into consideration the past experiences and current economic situation of the Group's management and are presented on the balance sheet net of provision for doubtful receivables. The low profit margin of the sector due to the structure of the sector makes collection and risk tracking policies quite important for our company and maximum sensitivity is shown in this regard. Our detailed explanations on our collection and risk management policy are given below.

For receivables exceeding the maturity of several months, enforcement proceedings and / or lawsuits are filed. Maturity restruction can also be done for some dealers who are in difficult situation. Since profit margins in the sector are low, collection of receivables is extremely important. There are current accounts and risk management units in order to reduce the risk of receivables with credibility evaluations are made through dealers. Cash collections are made from the resellers who are new or risky and sales are made.

The Group sells goods to Turkey in nearly every enterprise engaged in the buying and selling of computers. The capital structure of the dealers, which are defined as the classic dealers within the distribution channel, is low. This group of dealers, which is estimated to be around 5,000 in Turkey, take the risk in terms of risk management, the Group has established its own organization and working system to minimize the group and take necessary measures. Measures taken can be listed as follows:

Cash collecting procedure with companies that have not completed 1 year in the sector: In the sector, it is worked with cash collecting with the computer companies that have not completed 1 year.

Intelligence personnel built within the current accounts and risk management department continuously make the intelligence of the dealers.

Credit Committee: The necessary intelligence services of the companies that have completed one year in the sector and the credit limit increase are arranged by the intelligence team and presented to the credit committee collected every week. The credit committee consists of the finance manager, current accounts manager, intelligence staff and the sales department manager of the relevant customer, under the chairmanship of the deputy general manager in charge of financial affairs. The credit committee establishes credit limits to firms based on the information obtained and past payment and sales performance. It determines the mode of operation and, if necessary, requests the collateral to be received from the dealer.

Of the Group's sales have been spread across Turkey reduces the risk of condensation.

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

Trade receivables are evaluated by taking into consideration the Company policies and procedures and accordingly, net of doubtful receivables are presented in the balance sheet after provisions set aside. **(Note 10).**

(c3) Interest rate risk management

The Group's fixed interest rate financial liabilities are disclosed in **Note: 8** and their fixed rate assets (deposits, etc.) in **Note: 6**.

Interest Position Statement

	Current Period	Previous Period
Fixed Interest Financial Instruments		
Financial Assets	415.036.781	227.743.439
Financial Liabilities	289.868.550	156.945.159
Variable Interest Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

If the interest in TL currency was 1 point higher and all other variables remained constant on 31 December 2018, the profit before tax would be higher than TL 1.251.682. (31 December 2017: TL 707.983 more). A significant portion of the Group's fixed-rate assets and liabilities are short-term. Therefore, fixed interest assets and liabilities are taken into consideration in the interest rate risk calculation. There is no interest rate risk considering only assets and liabilities with floating interest rates.

(c4) Liquidity risk management

The Group manages its liquidity risk by maintaining adequate funds and borrowing reserves through matching the cash flows daily and weekly, and the maturity of financial assets and liabilities.

Liquidity risk statements

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 following table shows non-derivative financial liabilities of the Group on the basis of TL maturity distribution:

31 December 2018

Contract Maturities	Book Value	Cash Outflows Total As Per the Contract	Shorter than 3 months	Between 3-12 Months	Between 1-5 Years	More than 5 years
Non-Derivative Financial Liabilities	***955.334.043***	***979.789.751***	***932.937.290***	***40.301.123***	***6.551.338***	-
Bank Loans	289.775.435	308.006.298	*261.153.837*	*40.301.123*	*6.551.338*	-
Debt Securities Issuance	-	-	-	-	-	-
Financial Leasing Liabilities	93.115	93.345	*93.345*	-	-	-
Trade Payables	649.678.353	655.902.968	*655.902.968*	-	-	-
Other Payables	15.787.140	15.787.140	*15.787.140*	-	-	-
Other	-	-	-	-	-	-

Contract Maturities	Book Value	Cash Outflows Total As Per the Contract	Shorter than 3 months	Between 3-12 Months	Between 1-5 Years	More than 5 years
Derivative Financial Liabilities	**(5.153.208)**	**(6.261.094)**	**(6.239.596)**	**(21.498)**	-	-
Derivative Cash Inflows	57.256.226	57.256.226	56.958.985	297.241	-	-
Derivative Cash Outflows	(62.409.434)	(63.517.320)	(63.198.581)	(318.739)	-	-

(*) Forward transactions amount to 10.197.572 USD and 598.510 EURO are at Turkish Lira value. Derivative cash outflows are calculated by taking into consideration the exchange rates at maturity. Derivative cash inflows are calculated by taking into account the 31 December 2018 rate. Actual profit and loss will be determined on the date of maturity.

31 December 2017

Contract Maturities	Book Value	Cash Outflows Total As Per the Contract	Shorter than 3 months	Between 3-12 Months	Between 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 Securities Issuance	-	-	-	-	-	-
Financial Leasing 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	-	-	-	-	-	-

Contract Maturities	Book Value	Cash Outflows Total As Per the Contract	Shorter than 3 months	Between 3-12 Months	Between 1-5 Years	More than 5 years
Derivative Financial Liabilities	**(1.308.094)**	**(2.118.262)**	**(1.513.127)**	**(605.135)**	-	-
Derivative Cash Inflows	55.225.900	55.225.900	44.860.277	10.365.623	-	-
Derivative Cash Outflows	(56.533.994)	(57.344.162)	(46.373.404)	(10.970.758)	-	-

(*) Forward transactions amounting to USD 14.641.401 consists of Turkish Lira. Derivative cash outflows are calculated by taking into consideration the exchange rates at maturity. Derivative cash inflows are calculated by taking the 31 December 2017 rate into account. Actual profit and loss will be determined on the date of maturity.

c5) Other Risks Analysis

Common Stocks, etc. Risks Related to Financial Instruments

The Group does not have any securities and similar financial assets sensitive to changes in fair value.

NOTE 39 FINANCIAL INSTRUMENTS

Financial risk management objectives

The finance department of the Group is responsible for the regular access to financial markets and the monitoring and management of financial risks related to the Group's operations. These risks include; market risk (includes foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Financial Instruments Fair Value

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between voluntary parties, except for a forced sale or liquidation, and is best determined by a quoted market price, if any.

The Group has determined the estimated values of the financial instruments by using current market information and appropriate valuation methods. However, evaluating market information and estimating real values require interpretation and reasoning. As a result, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Financial Assets

Foreign currency balances are translated into Turkish Lira at the exchange rates prevailing at the end of the period. These balances are estimated to be close to the book value.

Certain financial assets, including cash and cash equivalents, are carried at cost and are considered to approximate their respective carrying values due to their short-term nature.

It is predicted that the carrying values of trade receivables together with the related allowances for doubtful receivables.

Financial Liabilities

Foreign currency balances are translated into Turkish Lira at the exchange rates prevailing at the end of the period. These balances are estimated to be close to the book value.

Due to their short-term nature, the carrying values of bank loans and other monetary liabilities are considered to approximate their respective carrying values.

The carrying values of trade payables are considered to approximate their carrying values due to their short-term nature.

Fair Value Estimations:

Effective from 1 January 2009, the Group has applied the amendment to IFRS 7 for financial instruments measured at fair value in the balance sheet. This amendment is explained on the basis of the steps in the following calculation hierarchy of the fair value calculations:

Level 1: Financial assets and liabilities are valued at exchange rates traded on the active market for the same assets and liabilities.

Level 2: Financial assets and liabilities are valued at the inputs used to find the price that can be observed directly or indirectly in the market, other than the quoted price in the 1st category.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable inputs in the market for the fair value of the asset or liability.

The fair values of balances denominated in foreign currencies translated at year-end exchange rates are considered to approximate their respective carrying values.

As of December 31, 2018 and December 31, 2017, the Group has presented its financial assets at fair value in the financial statements. **(Level 2) (Note: 7)**

The fair values of certain financial assets carried at amortized cost, such as cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature.

Trade receivables and payables are measured at amortized cost using the effective interest method, and are therefore considered to approximate their fair values.

NOTE 40 SUBSEQUENT EVENTS

The Company's head office as of 01.03.2019 has moved to Ayazağa Mah. Mimar Sinan Sok. No: 21, Seba Office Boulevard İş Merkezi, D Blok, Kat: 1, No: 11, Kat: 2, No: 18, Sarıyer, 34485, İstanbul.

NOTE 41 THE OTHER ISSUES WHICH SUBSTANTIALLY AFFECT THE FINANCIAL STATEMENTS

None.