

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

**FOR THE YEAR ENDED  
31 DECEMBER 2019**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
NOTES TO THE FINANCIAL STATEMENTS**

**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019****CONTENT**

CONSOLIDATED FINANCIAL POSITION STATEMENT (BALANCE SHEET).....	1
CONSOLIDATED PROFIT OR LOSS STATEMENT AND OTHER COMPREHENSIVE INCOME STATEMENT.....	3
CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY STATEMENT.....	4
CONSOLIDATED CASH FLOW STATEMENT.....	5
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP.....	6
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	7
NOTE 3 BUSINESS COMBINATIONS.....	20
NOTE 4 SHARES IN OTHER ENTITIES.....	21
NOTE 5 SEGMENT REPORTING.....	21
NOTE 6 CASH AND CASH EQUIVALENTS.....	22
NOTE 7 FINANCIAL INVESTMENTS.....	22
NOTE 8 SHORT AND LONG TERM BORROWINGS AND SHORT TERM PORTIONS OF LONG TERM BORROWINGS.....	23
NOTE 9 OTHER FINANCIAL LIABILITIES.....	25
NOTE 10 TRADE RECEIVABLES AND PAYABLES.....	25
NOTE 11 OTHER RECEIVABLES AND PAYABLES.....	27
NOTE 12 DERIVATIVE INSTRUMENTS.....	27
NOTE 13 INVENTORIES.....	28
NOTE 14 BIOLOGICAL ASSETS.....	29
NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME.....	29
NOTE 16 INVESTMENTS VALUED BY EQUITY METHOD.....	29
NOTE 17 INVESTMENT PROPERTIES.....	30
NOTE 18 TANGIBLE ASSETS AND RIGHT OF USE ASSETS.....	31
NOTE 19 INTANGIBLE ASSETS.....	33
NOTE 20 EMPLOYEE BENEFITS PAYABLES.....	34
NOTE 21 GOVERNMENT INCENTIVES AND GRANTS.....	34
NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	34
NOTE 23 COMMITMENTS.....	36
NOTE 24 EMPLOYEE BENEFITS LONG TERM PROVISIONS.....	36
NOTE 25 CURRENT PERIOD TAX ASSETS AND LIABILITIES.....	38
NOTE 26 OTHER ASSETS AND LIABILITIES.....	38
NOTE 27 SHAREHOLDERS EQUITY.....	38
NOTE 28 REVENUE AND COST OF SALES.....	41
NOTE 29 GENERAL AND ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES.....	41
NOTE 30 EXPENSES BY NATURE.....	41
NOTE 31 OTHER MAIN OPERATING INCOME / (EXPENSES).....	42
NOTE 32 INVESTMENT OPERATIONS AND INVESTMENTS VALUED BY EQUITY METHOD.....	42
NOTE 33 FINANCIAL INCOME / (EXPENSES).....	42
NOTE 34 FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS.....	43
NOTE 35 TAX ASSETS AND LIABILITIES.....	43
NOTE 36 EARNINGS/(LOSSES) PER SHARE.....	45
NOTE 37 RELATED PARTY DISCLOSURES.....	45
NOTE 38 QUALIFICATIONS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	47
NOTE 39 FINANCIAL INSTRUMENTS.....	54
NOTE 40 SUBSEQUENT EVENTS.....	56



## 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 2019 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 2019 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") 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 ("InAS") 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 Financial Statements*, section. We hereby declare that we are independent from the Company 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.



[www.gureli.com.tr](http://www.gureli.com.tr)

**Merkez Ofisi**  
Spine Tower Büyükdere Cad.  
59. Sok. No:243 Kat:25-26-28  
Maslak 34398 Sarıyer/İstanbul  
T : 444 9 475 (0212) 285 01 50  
F : (0212) 285 03 40-43  
[gym@gureli.com.tr](mailto:gym@gureli.com.tr)

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

**Antalya Ofisi**  
Fener Mah. 1964 Sok. No:36  
K:1 D:4 Kemal Erdoğan Apt.  
Muratpaşa/Antalya  
T : (0242) 324 30 14  
F : (0242) 324 30 15  
[gymantalya@gureli.com.tr](mailto:gymantalya@gureli.com.tr)

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

**Trakya Ofisi**  
Des'ofis  
Yavuz Mahallesi Şaraphane Cad.  
No:33/1 Ofis No: 302-303  
Süleymanpaşa/Tekirdağ  
T : (0282) 261 25 30 - 261 62 56  
F : (0282) 261 83 22  
[gymtrakya@gureli.com.tr](mailto:gymtrakya@gureli.com.tr)

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

**Eskişehir Ofisi**  
Hoşnudiye Mah. 732. Sk. No:44  
Efe Plaza Kat:5 D:10  
Tepebaşı/Eskişehir  
T : (0222) 220 09 09  
F : (0222) 220 48 48  
[gymeskisehir@gureli.com.tr](mailto:gymeskisehir@gureli.com.tr)

## Significant Audit Matters

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

Trade Receivables	
Look at: Note Relating to Consolidated Financial Statements 2.08, Note 10 and 38-c2.	
Subject of Significant Audit	How the Subject Conducted in our Audit
<p>The Group's Short and Long Term Trade Receivables totaled TL 1.353.775.534 and accounted for 59.7% of its consolidated assets. For the trade receivables, an impairment loss of TL 21.981.880 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.</p> <p>Considering the importance of trade receivables in the financial statements, its presence and recoverability is a significant matter for our audit.</p>	<p>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.</p> <p>The effectiveness of internal controls related to financial reporting for receivable risk and dealer receivable monitoring processes were evaluated.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The appropriateness of the disclosures in the notes to the trade receivables are examined.</p>



www.gureli.com.tr

**Merkez Ofisi**  
Spine Tower Büyükdere Cad.  
59. Sok. No:243 Kat:25-26-28  
Maslak 34398 Sarıyer/İstanbul  
T : 444 9 475 (0212) 285 01 50  
F : (0212) 285 03 40-43  
gym@gureli.com.tr

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

**Antalya Ofisi**  
Fener Mah. 1964 Sok. No:36  
K:1 D:4 Kemal Erdoğan Apt.  
Muratpaşa/Antalya  
T : (0242) 324 30 14  
F : (0242) 324 30 15  
gymantalya@gureli.com.tr

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

**Trakya Ofisi**  
Des'ofis  
Yavuz Mahallesi Şaraphane Cad.  
No:33/1 Ofis No: 302-303  
Süleymanpaşa/Tekirdağ  
T : (0282) 261 25 30 - 261 62 56  
F : (0282) 261 83 22  
gymtrakya@gureli.com.tr

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

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



Inventory and Inventory Impairment Provision	
Look at: Note Relating to Consolidated Financial Statements 2.08 and Note 13.	
Subject of Significant Audit	How the Subject Conducted in our Audit
<p>The Group's inventory amounts to TL 493.573.595 and it constitutes 21.76 % of its consolidated assets.</p> <p>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 7.479.058 is included in the financial statements.</p> <p>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.</p> <p>The importance of inventories and impairment is a key audit matter for our audit.</p>	<p>Our audit procedures are based on testing the existence and net realizable value of the Group's inventories.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The appropriateness of the disclosures in the notes to the inventories and inventory impairment is evaluated.</p>

[www.gureli.com.tr](http://www.gureli.com.tr)**Merkez Ofisi**

Spine Tower Büyükdere Cad.  
59. Sok. No:243 Kat:25-26-28  
Maslak 34398 Sarıyer/İstanbul  
T : 444 9 475 (0212) 285 01 50  
F : (0212) 285 03 40-43  
gym@gureli.com.tr

**Ankara Ofisi**

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

**Antalya Ofisi**

Fener Mah. 1964 Sok. No:36  
K:1 D:4 Kemal Erdoğan Apt.  
Muratpaşa/Antalya  
T : (0242) 324 30 14  
F : (0242) 324 30 15  
gymantalya@gureli.com.tr

**İzmir Ofisi**

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

**Trakya Ofisi**

Des'ofis  
Yavuz Mahallesi Şaraphane Cad.  
No:33/1 Ofis No: 302-303  
Süleymanpaşa/Tekirdağ  
T : (0282) 261 25 30 - 261 62 56  
F : (0282) 261 83 22  
gymtrakya@gureli.com.tr

**Bursa Ofisi**

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

**Eskişehir Ofisi**

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



Trade Payables	
Look at: Note Relating to Consolidated Financial Statements 2.08 and Note 10.	
Subject of Significant Audit	How the Subject Conducted in our Audit
<p>The Group's trade payables amount to TL 1.182.957.676 and constitute 52.17% of the consolidated liabilities.</p> <p>Considering the importance of trade payables in the financial statements, its presence and recoverability is a significant matter for our audit.</p>	<p>Our audit procedures are based on testing the accuracy of Trade Payables.</p> <p>Third party verifications made to verify the presence of trade payables were evaluated and exchange valuation of trade payables and payable rediscount transactions in the financial statement have been recalculated.</p> <p>The relevance of the disclosures in the notes on trade payables has been examined.</p>

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

Group 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 Group to continue its continuity, explaining the issues related to continuity when necessary and liquidating the Group 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 Group'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.

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:



www.gureli.com.tr

**Merkez Ofisi**  
Spine Tower Büyükdere Cad.  
59. Sok. No:243 Kat:25-26-28  
Maslak 34398 Sarıyer/İstanbul  
T : 444 9 475 (0212) 285 01 50  
F : (0212) 285 03 40-43  
gym@gureli.com.tr

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

**Antalya Ofisi**  
Fener Mah. 1964 Sok. No:36  
K:1 D:4 Kemal Erdoğan Apt.  
Muratpaşa/Antalya  
T : (0242) 324 30 14  
F : (0242) 324 30 15  
gymantalya@gureli.com.tr

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

**Trakya Ofisi**  
Des'ofis  
Yavuz Mahallesi Şaraphane Cad.  
No:33/1 Ofis No: 302-303  
Süleymanpaşa/Tekirdağ  
T : (0282) 261 25 30 - 261 62 56  
F : (0282) 261 83 22  
gymtrakya@gureli.com.tr

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

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



- 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 Group'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 Group 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 Group'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.



www.gureli.com.tr

**Merkez Ofisi**  
Spine Tower Büyükdere Cad.  
59. Sok. No:243 Kat:25-26-28  
Maslak 34398 Sarıyer/İstanbul  
T : 444 9 475 (0212) 285 01 50  
F : (0212) 285 03 40-43  
gym@gureli.com.tr

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

**Antalya Ofisi**  
Fener Mah. 1964 Sok. No:36  
K:1 D:4 Kemal Erdoğan Apt.  
Muratpaşa/Antalya  
T : (0242) 324 30 14  
F : (0242) 324 30 15  
gymantalya@gureli.com.tr

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

**Trakya Ofisi**  
Des'ofis  
Yavuz Mahallesi Şaraphane Cad.  
No:33/1 Ofis No: 302-303  
Süleymanpaşa/Tekirdağ  
T : (0282) 261 25 30 - 261 62 56  
F : (0282) 261 83 22  
gymtrakya@gureli.com.tr

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

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

**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 9 March 2020.
- 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 2019 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, 9 March 2020

[www.gureli.com.tr](http://www.gureli.com.tr)

**Merkez Ofisi**  
Spine Tower Büyükdere Cad.  
59. Sok. No:243 Kat:25-26-28  
Maslak 34398 Sarıyer/İstanbul  
T : 444 9 475 (0212) 285 01 50  
F : (0212) 285 03 40-43  
gym@gureli.com.tr

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

**Antalya Ofisi**  
Fener Mah. 1964 Sok. No:36  
K:1 D:4 Kemal Erdoğan Apt.  
Muratpaşa/Antalya  
T : (0242) 324 30 14  
F : (0242) 324 30 15  
gymantalya@gureli.com.tr

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

**Trakya Ofisi**  
Des'ofis  
Yavuz Mahallesi Şaraphane Cad.  
No:33/1 Ofis No: 302-303  
Süleymanpaşa/Tekirdağ  
T : (0282) 261 25 30 - 261 62 56  
F : (0282) 261 83 22  
gymtrakya@gureli.com.tr

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

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



**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL POSITION STATEMENT AS OF 31 DECEMBER 2019**

Page Number: 1

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

**CONSOLIDATED FINANCIAL POSITION STATEMENT (BALANCE SHEET)**

		<i>Audited</i> <i>Current Period</i>	<i>Audited</i> <i>Previous Period</i>
	<u>Notes</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents		2.173.411.466	1.432.225.211
Financial Investments	6	277.971.636	446.036.412
Trade Receivables	7	-	-
<i>Trade Receivables From Related Parties</i>	10	1.353.775.534	687.291.682
<i>Trade Receivables From Non-Related Parties</i>	10-37	2.909.722	1.323.223
Other Receivables	10	1.350.865.812	685.968.459
<i>Other Receivables From Related Parties</i>	11	839.432	2.959.024
<i>Other Receivables From Non-Related Parties</i>	11-37	31.424	4.128
Derivative Instruments	11	808.008	2.954.896
Inventories	12	1.459.812	-
Prepaid Expenses	13	493.573.595	267.621.577
Current Period Tax Assets	15	19.674.679	13.363.923
Other Current Assets	25	88.535	257.030
<b>Total</b>	26	26.028.243	14.695.563
<b>Non-Current Assets</b>			
Financial Investments		2.173.411.466	1.432.225.211
Trade Receivables	7	94.263.810	87.093.552
<i>Trade Receivables From Related Parties</i>	10	-	-
<i>Trade Receivables From Non-Related Parties</i>	10-37	-	3.604.399
Other Receivables	10	-	-
<i>Other Receivables From Related Parties</i>	11	39.509	3.604.399
<i>Other Receivables From Non-Related Parties</i>	11-37	-	51.037
Investments Valued by Equity Method	11	39.509	-
Investment Properties	4-16	2.110.197	51.037
Tangible Fixed Assets	17	32.712.743	3.221.926
Right of Use Assets	18	26.306.454	26.031.431
Intangible Fixed Assets	18	15.288.935	26.976.138
<i>Goodwill</i>	19	5.004.123	-
<i>Other Intangible Fixed Assets</i>	19	1.897.699	5.318.354
Deferred Tax Assets	19	3.106.424	1.897.699
<b>TOTAL ASSETS</b>	35	12.801.849	3.420.655
		2.267.675.276	21.890.267
			1.519.318.763

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



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

CONSOLIDATED FINANCIAL POSITION STATEMENT  
(BALANCE SHEET)

		<i>Audited Current Period</i>	<i>Audited Previous Period</i>
	<u>Notes</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>		<b>1.758.232.438</b>	<b>1.092.207.788</b>
Short-Term Borrowings	8	433.348.017	259.134.085
Short Term Portions Of Long Term Borrowings	8	5.580.603	27.130.066
Other Financial Liabilities	9	-	-
Trade Payables	10	1.182.957.676	649.678.353
<i>Trade Payables To Related Parties</i>	10-37	161.884	1.460
<i>Trade Payables To Non-Related Parties</i>	10	1.182.795.792	649.676.893
Payables Under Employee Benefits	20	2.407.540	739.846
Other Payables	11	6.288.129	15.787.140
<i>Other Payables To Related Parties</i>	11-37	-	-
<i>Other Payables To Non-Related Parties</i>	11	6.288.129	15.787.140
Investments Valued by Equity Method Liabilities	4-16	3.837.029	2.547.681
Derivative Instruments	12	-	5.153.208
Deferred Income	15	67.067.281	63.485.104
Period Income Tax Liability	35	8.678.169	22.614.886
Short Term Provisions	22	48.067.994	45.937.419
<i>Other Short Term Provisions</i>	22	48.067.994	45.937.419
Other Short Term Liabilities	26	-	-
<b>Total</b>		<b>1.758.232.438</b>	<b>1.092.207.788</b>
<b>Long Term Liabilities</b>		<b>19.054.197</b>	<b>9.516.662</b>
Long Term Borrowings	8	12.273.617	3.604.399
Long-Term Provisions Related To Employee Benefits	24	6.780.025	5.911.708
Deferred Tax Liabilities	35	555	555
<b>SHAREHOLDERS EQUITY</b>		<b>490.388.641</b>	<b>417.594.313</b>
<b>Parent Company Shareholders Equity</b>	27	<b>439.630.444</b>	<b>376.431.802</b>
Paid-In Capital		56.000.000	56.000.000
Capital Adjustment Differences		1.064.323	1.064.323
Repurchased Shares (-)		(1.705.805)	(1.705.805)
Share Premiums/ (Discounts)		156.607	156.607
Other Comprehensive Income Or Expense That Will Not Be Reclassified To Profit Or Loss		(1.208.377)	(1.083.994)
<i>Revaluation and Re-measurement Gains/Losses</i>		(1.208.377)	(1.083.994)
Other Comprehensive Income or Expense That Will Be Reclassified To Profit Or Loss		15.377.038	15.434.110
<i>Foreign Exchange Translation Differences</i>		15.377.038	15.434.110
Restrained Reserves From the Profit		38.620.502	31.006.238
Previous Years' Profit or Losses		238.824.749	153.911.932
Net Profit / (Loss) For The Period		92.501.407	121.648.391
Non-Controlling Shares	27	50.758.197	41.162.511
<b>TOTAL LIABILITIES and SHAREHOLDERS' EQUITY</b>		<b>2.267.675.276</b>	<b>1.519.318.763</b>

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





CONSOLIDATED PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME STATEMENT

		<i>Audited</i> <i>Current Period</i> 1 January 2019 31 December 2019	<i>Audited</i> <i>Previous Period</i> 1 January 2018 31 December 2018
	Notes		
<b>PROFIT OR LOSS</b>			
Revenue	28	5.028.329.488	3.903.402.780
Cost of Sales (-)	28	(4.782.988.833)	(3.717.149.973)
<b>Gross Profit/(Loss) from Trade Operations</b>		<b>245.340.655</b>	<b>186.252.807</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>245.340.655</b>	<b>186.252.807</b>
General Administrative Expenses (-)	29	(53.382.200)	(48.998.994)
Marketing, Sales And Distribution Expenses (-)	29	(44.029.964)	(39.059.470)
Other Income From Main Operations	31	147.605.694	140.575.964
Other Expenses From Main Operations (-)	31	(133.845.419)	(98.732.610)
<b>MAIN OPERATIONS PROFIT / (LOSS)</b>		<b>161.688.766</b>	<b>140.037.697</b>
Income From Investing Activities	32	551.576	74.052.436
Expenses From Investing Activities (-)	32	-	-
Investments Valued by the Equity Method			
Profit/Loss Shares	32	(2.259.474)	(9.971.483)
<b>OPERATIONS PROFIT/LOSS BEFORE FINANCIAL EXPENSES</b>		<b>159.980.868</b>	<b>204.118.650</b>
Financial Income	33	65.134.558	57.351.727
Financial Expense (-)	33	(93.727.152)	(90.917.387)
<b>CONTINUING OPERATIONS PROFIT/ (LOSS) BEFORE TAXATION</b>		<b>131.388.274</b>	<b>170.552.990</b>
<b>Continuing Operations Tax Income/(Expense)</b>		<b>(29.286.374)</b>	<b>(41.587.109)</b>
- Period Tax Income/(Expense)	35	(20.183.575)	(42.141.891)
- Deferred Tax Income/(Expense)	35	(9.102.799)	554.782
<b>CONTINUING OPERATIONS PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>102.101.900</b>	<b>128.965.881</b>
<b>PERIOD PROFIT/ (LOSS)</b>		<b>102.101.900</b>	<b>128.965.881</b>
<b>Distribution of Period Profit / Loss</b>		<b>102.101.900</b>	<b>128.965.881</b>
Non-Controlling Shares		9.600.493	7.317.490
Parent Company Shares		92.501.407	121.648.391
<b>Earnings/ Loss Per Share</b>	36	<b>1,651811</b>	<b>2,172293</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(185.662)</b>	<b>1.203.648</b>
<b>Not be Reclassified in Profit or Loss</b>		<b>(128.590)</b>	<b>(741.475)</b>
Defined Benefit Plans Revaluation Gains/(Losses)		(128.590)	(741.475)
<b>Will be Reclassified in Profit or Loss</b>		<b>(57.072)</b>	<b>1.945.123</b>
Foreign Currency Exchange Conversion Difference		(57.072)	1.945.123
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>101.916.238</b>	<b>130.169.529</b>
<b>DISTRIBUTION</b>			
Non-Controlling Shares		9.596.286	7.269.999
Parent Company Shares		92.319.952	122.899.530

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



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY STATEMENT AS OF 31 DECEMBER 2019  
(All amounts are expressed in Turkish Lira or indicated otherwise)

Page Number: 4

Audited Current Period	Notes	Paid in Capital	Capital Adjustment Differences (Conversion Differences)	Repurchased Shares	Share Stock Premiums/ Discounts	Accumulated Other Comprehensive Income And		Accumulated Other Comprehensive Income And Expenses That Will Be Re-Classified In Profit Or Loss	Accumulated Profits	Restricted Reserves From Profit	Previous Years' Profits / Losses	Net Period Profit / Loss	Parent Company Equity	Non-Controlling Interests	Shareholder's Equity
						Revaluation and Measurement Benefits/ (Losses)	Other Earnings/ (Losses)								
1 January 2019	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
Adjustments Related To Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect due to TFRS 9 Policy Change, Net		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount After Adjustments		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
Transfers		-	-	-	-	-	-	-	-	7.614.264	114.034.127	(121.648.391)	-	-	-
Total Comprehensive Income		-	-	-	-	(124.383)	-	(57.072)	-	-	-	92.501.407	92.319.952	9.596.286	101.916.238
Net Period Income		-	-	-	-	-	-	-	-	-	-	92.501.407	92.501.407	9.600.493	102.101.900
- Other Comprehensive Income/(Expenses)		-	-	-	-	(124.383)	-	(57.072)	-	-	-	-	(181.455)	(4.207)	(185.662)
Dividend Payments		-	-	-	-	-	-	-	-	-	(29.121.310)	-	(29.121.310)	(600)	(29.121.910)
Increase/(Decrease) due to Redemption of Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 December 2019	Note-27	56.000.000	1.064.323	(1.705.805)	156.607	(1.208.377)	-	15.377.038	-	38.620.502	238.824.749	92.501.407	439.630.444	50.758.197	490.388.641
<b>Audited Previous Period</b>															
1 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/(Expenses)		-	-	-	-	(703.288)	-	1.954.427	-	-	-	-	1.251.139	(47.491)	1.203.648
Dividends		-	-	-	-	-	-	-	-	-	(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

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





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

CONSOLIDATED CASH FLOW STATEMENT

		<i>Audited</i> <i>Current Period</i> <b>1 January 2019</b> <b>31 December 2019</b>	<i>Audited</i> <i>Previous Period</i> <b>1 January 2018</b> <b>31 December 2018</b>
	<b>Notes</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>PERIOD PROFIT / (LOSS)</b>		<b>(232.144.750)</b>	<b>171.003.966</b>
<b>Adjustments Related To Reconciliation Of Net Profit / Loss For The Period</b>		<b>102.101.900</b>	<b>128.965.881</b>
Adjustments Related To Depreciation And Amortization	17-18-19	55.224.532	133.037.948
<b>Adjustments Related To Impairment (Cancellation)</b>		<b>8.379.492</b>	<b>3.365.704</b>
Adjustments Related To Receivables Impairment (Cancellation)	10	2.725.235	4.131.184
Adjustments Related To Inventory Impairment (Cancellation)	13	4.907.639	2.979.409
Adjustments Related To Tangible Fixed Assets Impairment (Cancellation)	18-19	(2.182.404)	1.151.775
<b>Adjustments Related To Provisions</b>		<b>-</b>	<b>-</b>
Adjustments Related To Provisions Of Employee Benefits	24	4.012.077	21.838.227
Adjustments Related To Litigation And / Or Penalty Provisions (Cancellation)	22	1.881.502	2.087.888
Adjustments Related To Other Provisions (Cancellation)	22	(129.408)	25.927
<b>Adjustments Related To Interest (Income)/Expenses</b>		<b>2.259.983</b>	<b>19.724.412</b>
Adjustments Related To Interest Income	31-33	22.154.034	34.659.522
Adjustments Related To Interest Expenses	31-33	(86.460.334)	(73.650.138)
Deferred Financial Expense from Term Purchases	10	111.521.386	102.202.361
Unearned Deferred Finance Income from Term Sales	10	2.715.637	11.783.718
<b>Adjustments Related To Tax Income/(Expense)</b>	35	(5.622.655)	(5.676.419)
<b>Adjustments Related To Profit/(Loss) Reconciliation</b>	26	<b>29.286.374</b>	<b>41.587.109</b>
<b>Changes In Business Working Capital</b>		<b>(11.332.680)</b>	<b>27.456.202</b>
Adjustments Related To Decrease / (Increase) In Trade Receivables	10	(362.738.257)	(35.680.222)
Adjustments Related To Decrease / (Increase) In Other Receivables Related To Operations	11	(662.164.437)	428.174.466
Adjustments Related To (Increases) / Decreases In Inventories	13	2.131.120	(2.606.964)
Adjustments Related To Increase/(Decrease) In Trade Payables	10	(223.769.614)	161.800.429
Adjustments Related To Decrease / (Increase) In Other Payables Related To Operations	11	530.563.685	(612.853.172)
<b>Cash Flows Provided From Operations</b>		<b>(9.499.011)</b>	<b>(10.194.981)</b>
Payments Within Provisions Related To Employee Benefits	24	<b>(205.411.825)</b>	<b>226.323.607</b>
Tax Returns / (Payments)	35	(1.085.091)	(1.218.380)
Other Cash Inflows/(Outflows)		(34.120.292)	(52.150.121)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>8.472.458</b>	<b>(1.951.140)</b>
<b>Cash Inflows from Sales of Tangible and Intangible Assets</b>	18-19	<b>(8.923.827)</b>	<b>(45.684.751)</b>
Cash Inflows From Sale Of Tangible Fixed Assets		653.484	386.130
Cash Inflows From Sale Of Intangible Fixed Assets		653.484	386.130
<b>Cash Outflows From Purchase Of Tangible And Intangible Assets</b>	18-19	<b>(7.010.864)</b>	<b>(24.769.746)</b>
Cash Inflows From Sale Of Intangible Fixed Assets		(6.985.864)	(24.254.409)
Cash Outflows From Purchase Of Intangible Fixed Assets		(25.000)	(515.337)
Cash Outflows From Purchase Of Intangible Fixed Assets	17	(2.566.447)	(21.301.135)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>74.164.645</b>	<b>35.266.883</b>
<b>Cash Inflows from Borrowings</b>	8	<b>881.886.176</b>	<b>724.545.092</b>
Cash Inflows from Loans	8	881.886.176	724.545.092
<b>Cash Outflows on Debt Payments</b>	8	<b>(738.099.476)</b>	<b>(601.373.863)</b>
Cash Outflows on Loan Repayments	8	(738.099.476)	(601.373.863)
Cash Outflows on Debt Repayments Arising from Lease Agreements		(6.589.118)	-
Dividend Payments		(29.121.910)	(67.652.507)
Interest Paid	32-33	(33.911.027)	(20.251.839)
<b>EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(166.903.932)</b>	<b>160.586.098</b>
<b>NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(166.903.932)</b>	<b>160.586.098</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	444.584.635	283.998.537
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	277.680.703	444.584.635

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

**NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP**

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 is quoted to Borsa İstanbul. İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş. traded in Borsa İstanbul A.Ş. (BIST) Main Market Group 1.

As of 31 December 2019 and 31 December 2018, 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
Artım Bilişim Çözüm ve Dağıtım A.Ş. (Artım)	IT sales and sales of spare parts	1.210.000 TL	100,00	100,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos)	Logistics and Rental	5.000.000 TL	99,99	99,99
İndeks International FZE (İndeks FZE)	Buying and selling computers and its components	150.000 BAE Dirham	100,00	100,00
İnfin Bilgisayar Ticaret A.Ş.	Buying and selling computers and its components	50.000 TL	99,80	99,80
Neotech Teknolojik Ürünler Dağ. A.Ş. (Neotech)	Trading of household electronics (Non-Operating)	1.000.000 TL	80,00	80,00

(\*) On 17.12.2018, it was decided close Datagate International FZE which is our subsidiary with 59,24% and it is 100% subsidiary of Datagate Bilgisayar Malzemeleri A.Ş. In the financial statements before September 30, 2018, Datagate International FZE is disclosed in the consolidated financial statements.

As of December 31, 2019 and December 31, 2018, 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 75.000 remaining part of the capital commitment has been paid as of 27.02.2019.

Datagate Bilgisayar Malzemeleri A.Ş., Neotech Teknolojik Ürünler Dağıtım. A.Ş., Teklos Teknoloji Lojistik Hizmetleri A.Ş., Artım Bilişim Çözüm ve Dağıtım A.Ş., İndeks 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 with (36,37%) (As of December 31, 2019, the Group employs 452 people. (The number of 28 employees belonging to the joint management which is valued by the equity method) (2018: 497) All Group personnel are administrative staff.

The registered office address of the Company is Ayazağa Mah. Mimar Sinan Sok. No: 21 Seba Office Boulevard D Blok Kat:1 Bölüm No:11 PK: 34485 Ayazağa Sarıyer/İSTANBUL. The Company's main headquarters is in İstanbul and it has branches in Ankara 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.

The accompanying consolidated financial statements and the related notes are presented in accordance with the formats announced by the CMB with the announcement dated on 7 June 2013 In addition, with the changes in TFRS-15 Revenue from Customer Contracts and TFRS-16 Leases standards, which were issued by POA with the decision number 30 on June 2, 2016, It was disclosed in accordance with the TAS taxonomy, which was announced to the public on 15 April 2019 under the name "2019 TFRS".

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 Group operates and its statements are expressed in TL (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 Equity method) and Neteks Teknoloji A.Ş. and their functional currency is "USD".

The consolidated financial statements have been prepared on the basis of the continuity of the Group under the assumption that the Group 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 on 1 January - 31 December 2019 have been approved by the Board of Directors on 9 March 2020. The Board of Directors has the authority to adjust the financial statements prepared in accordance with the legislation.

### **2.02 Adjustments of Financial Statements in Hyperinflationary 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.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(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 2019 and 31 December 2018, the details of the consolidated subsidiaries of the Group 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
Artım Bilişim Çözüm ve Dağıtım A.Ş. (Artım)	IT sales and sales of spare parts	1.210.000 TL	100,00	100,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos)	Logistics and Rental	5.000.000 TL	99,99	99,99
İndeks International FZE (İndeks FZE)	Buying and selling computers and its components	150.000 BAE Dirham	100,00	100,00
İnfin Bilgisayar Ticaret A.Ş.	Buying and selling computers and its components	50.000 TL	99,80	99,80
Neotech Teknolojik Ürünler Dağ. A.Ş. (Neotech)	Trading of household electronics (Non-Operating)	1.000.000 TL	80,00	80,00

(\*) On 17.12.2018, it was decided close Datagate International FZE which is our subsidiary with 59,24% and it is 100% subsidiary of Datagate Bilgisayar Malzemeleri A.Ş. In the financial statements before September 30, 2018, Datagate International FZE is disclosed 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.

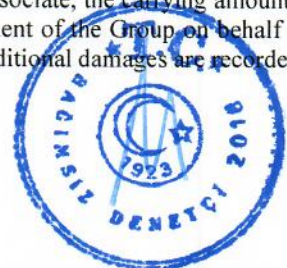
As of December 31, 2019 and December 31, 2018, the details of the joint ventures of the Group which are accounted for by the equity method are as follows:

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 75.000 remaining part of the capital commitment has been paid as of 27.02.2019.

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 Ürünler Dağıtım. A.Ş., Teklos Teknoloji Lojistik Hizmetleri A.Ş., Artım 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 method and the carrying value and equity of the subsidiaries owned by the Group are eliminated.

Similarly, intercompany transactions and balances between the Group 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 Adjustment of Previous 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.

#### **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 adjusted 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 previous periods, such policy is applied retrospectively in the financial statements as if it were always in use.

In the current period, the Group has not made any changes in the accounting policies except the changes disclosed below.

#### **Amendment of Compulsory Changes in Accounting Policy Regarding TFRS 16**

TFRS 16 "Leases" Standard was published by the POA on 13 January 2016. 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. In this context, the "Lease Liabilities" amount, which is calculated as the present value of lease payments to be made during the lease period in relation to the lease agreements over 12 months, is recognized in the liabilities of the "Right of Use Assets" (Note: 18) in the liabilities part of the balance sheet. The amount recognized as "Right of Use Assets" is subject to depreciation according to the contract period.





## **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 adjusted. 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.

TAS 21 "The Effects of Changes in Foreign Exchange Rates" standard 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 decided by Group management. The Group Management reviews the accounting estimates and policies applied in the functional currency at each balance sheet date.

## **2.08 Summary of Significant Accounting Policies**

### **2.08.01 Revenue**

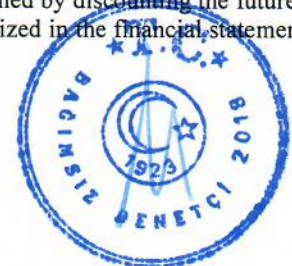
Revenues are recognized as the amount that is expected to be recognized in return for goods and services that reflect the promised goods and / or services. For this purpose, a 5-step process is applied in the recognition of revenue in accordance with TFRS 15 provisions.

- 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
- Recognition of revenue as contractual obligations are met
- The main brands that the Company sell products are Apple, HP, IBM, Canon, Lenovo, Oppo, Samsung.

Almost all of the products sold by the Group are of foreign origin. A portion of foreign purchases of some foreign companies or the Companies from resident companies in Turkey are performed operations which are resident companies 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 recognized 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.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

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

**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 2019 Ratio (%)	31 December 2018 Ratio (%)
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 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 tangible assets 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.

**2.01.01 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.

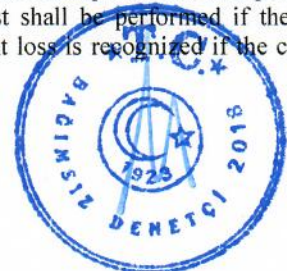
Intangible assets for the items purchased before January 1, 2005 adjusted costs according to the effects of inflation and for the items purchased after January 1, 2005, they are expressed as their accumulated amortization and depletion shares deducted from the purchase cost value.

Amortization and depreciation 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.

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.

**2.08.04 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 December 31, 2019 and December 31, 2018, the Group Management has not identified any circumstances that might require impairment on Investment Properties, 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.

#### **2.08.05 Research and Development Expenses**

None.

#### **2.08.06 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.

#### **2.08.07 Financial Instruments**

##### *i. Classification and measurement of financial assets and liabilities*

A financial asset is initially recognized in financial statements

- a) Financial instruments measured at amortized cost
- b) Borrowing 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 Company for the management of financial assets and the contractual cash flows of the financial asset.

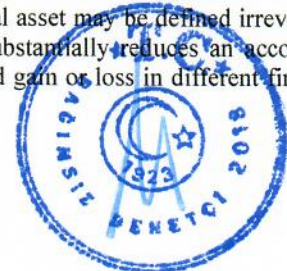
A financial asset is measured at amortized cost if both the two following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- a) Obtaining a business model for the purpose of collecting contractual cash flows of the financial asset 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. On the initial recognition of financial assets in the financial statements, a financial asset may be defined irreversibly as a fair value change is reflected in profit or loss, provided that it eliminates or substantially reduces an accounting mismatch that may result from different measurement of financial assets and the related gain or loss in different financial statements.





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.

*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 a contractual asset 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 Group's past experience and informed credit evaluations.

*Financial assets with credit-impairment*

The Company evaluates whether there is a credit-impairment of financial assets measured at amortized cost in each reporting period. When one or more events occurred that adversely affected the future estimated cash flows of a financial asset, the financial asset was subject to credit-impairment.

Observable data on the following events is evidence that the financial asset has credit-impairment:

- 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.

*Disclosure 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 Group 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 Group 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 Group). The Group continues to exercise sanctions in order to recover the receivables of trade receivables, other receivables, other assets and contractual assets that are derecognized. The recovery amounts are recognized in profit or loss.





#### **2.08.08 Effects of Changes in Exchange Rates**

The Group bases its foreign exchange transactions and balances on TL based on the relevant exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign exchanges 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 exchange transactions into TL or the translation of monetary items are reflected to the income statement in the related period. The Group generally sells goods on the basis of foreign exchange purchases. Therefore, it does not carry a significant exchange rate risk.

#### **2.08.10 Earnings Per Share**

Earnings per share are 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.

#### **2.08.10 Subsequent Events**

The Group 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.

#### **2.08.11 Provisions, Contingent Assets and Liabilities**

Provisions are recognized only if the Group has ongoing and dating back liabilities (legal or structural), if there is a possibility of disposing of the resources that provide economic benefits to the Group due to this liability and the amount of the liability can be determined reliably. 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.

#### **2.08.12 Leasing Transactions**

##### **Group 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.

As of January 1, 2019, the lease contracts that the leaseholder holds all the risks and benefits of the property are classified as operational leasing and the lease payments made for operational leasing are recognized as expense during the lease period.





TFRS 16 "Leases" standard entered into force on January 1, 2019. TFRS 16 standard, in the liabilities of the "Lease Liability" amount calculated as the present value of the lease payments to be made during the lease term for the lease agreements with a maturity of more than 12 months and "Right of Use Assets" (Note: 18) requires an amount equal to the lease liabilities to be recognized in the assets of financial position statement. The amount recognized as "Right of Use Assets" is subject to depreciation according to the agreement period.

At the beginning of the agreement, the Group evaluates whether the agreement is a lease agreement or not. In the event that the agreement transfers the right to control the use of the asset defined for a price for a certain period of time, this agreement is a lease or includes a lease transaction. The Group reflects a right of use assets and lease liabilities in the financial statements at the date when the lease term actually begins.

#### Right of Use Assets

The right of use asset is first recognized for using the cost method and includes followings:

- the first measurement of the lease liabilities,
- the amount received by deducting all lease incentives received from all lease payments made on or before the lease term actually begins,
- all initial costs incurred by the Group; and

When the Group applying cost method, the existence of the right of use assets:

• Accumulated depreciation and accumulated impairment losses are deducted and adjusted based on the reassessment of the lease liabilities.

The Group applies depreciation provisions in IFRS 16 Property, Plant and Equipment while depreciating its right of use assets.

#### Lease Liabilities

At the date when the lease actually starts, the Group measures its lease liability at the present value of the lease payments which is not paid at that date. Rent payments are discounted by using the implicit interest rate of the lease if this rate can be easily determined. The Group uses its own alternative borrowing interest rate if this rate cannot be determined easily.

The lease payments included in the measurement of the lease liability at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and which have not been paid on the date the lease actually started and after the lease term actually starts, the Group measures the lease liabilities as follows:

- Increases the carrying value to reflect the interest amount on the lease liabilities;
- The Group reduces the carrying amount to reflect the lease payments made; and
- The Group remeasures the carrying value to reflect reconsiderations and restructurings, or to revise fixed lease payments, as revised.

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities.

Within the framework of the transition provisions in TFRS 16, no adjustments were made in the net assets before January 1, 2019. As of January 1, 2019, the amount of "Right of Use Assets" and "Right of Use Liabilities" were calculated for the remaining period by taking into consideration the contracts that have been due for more than 12 months.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

The effects of TFRS 16 “Leases” standard on financial statements are disclosed below:

**Financial Position Statement**

	31.12.2019	TFRS 16 Affect	31.12.2019 After Affect
Current Assets	2.173.411.466	-	2.173.411.466
Non-Current Assets	78.741.618	15.522.192	94.263.810
<b>Total Assets</b>	<b>2.252.153.084</b>	<b>15.522.192</b>	<b>2.267.675.276</b>
Short Term Liabilities	1.754.152.188	4.080.250	1.758.232.438
Long Term Liabilities	6.780.580	12.273.617	19.054.197
Shareholders' Equity	491.220.316	(831.675)	490.388.641
<b>Total Liabilities and Shareholders' Equity</b>	<b>2.252.153.084</b>	<b>15.522.192</b>	<b>2.267.675.276</b>

**Profit or Loss Statement**

	31.12.2019	TFRS 16 Affect	31.12.2019 After Affect
Revenue	5.028.329.488	-	5.028.329.488
Cost of Sales (-)	(4.782.988.833)	-	(4.782.988.833)
<b>Gross Profit/(Loss)</b>	<b>245.340.655</b>	<b>-</b>	<b>245.340.655</b>
Operational Expenses and Other Income/Expenses	(85.639.519)	1.987.630	(83.651.889)
<b>Main Operating Profit/(Loss)</b>	<b>159.701.136</b>	<b>1.987.630</b>	<b>161.688.766</b>
Investment Operations Income/Expenses	(1.707.898)	-	(1.707.898)
<b>Operating Profit/(Loss) Before Financial Income/(Expense)</b>	<b>157.993.238</b>	<b>1.987.630</b>	<b>159.980.868</b>
Financial Income/Expense	(25.540.029)	(3.052.565)	(28.592.594)
<b>Continuing Operations Before Tax Profit/(Loss)</b>	<b>132.453.209</b>	<b>(1.064.935)</b>	<b>131.388.274</b>
<b>Continuing Operations After Tax Income/(Expense)</b>	<b>(29.519.634)</b>	<b>233.260</b>	<b>(29.286.374)</b>
<b>Period Profit/(Loss)</b>	<b>102.933.575</b>	<b>(831.675)</b>	<b>102.101.900</b>

The depreciation rates used for the Right of Use Assets are 20% for the building and 33.33% for the vehicles.

*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 lessor are related to Istanbul, Ankara and Diyarbakır office and warehouse leases and car rents. Annual lease payments are charged as expense on a straight-line basis method.

Group as 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 office and warehouse to the non-consolidated group companies and to a non-group company.

**2.08.11 Related Parties**

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

**2.08.12 Government Incentives and Grants**

None.





### **2.08.13 Investment Properties**

As of December 31, 2019 and December 31, 2018, 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 disposal of these properties is shown in the income statement.

### **2.08.14 Corporate Income Taxes**

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

#### *Current Tax*

Current year tax liabilities are 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 statutory 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 trade 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 that entire 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 Group 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 offsetted in the same way.

**2.08.15 Employee Benefits/Severance Payment**

According to laws, The Group is obliged to pay severance payment to employees whose employment ends after retirement or for reasons other than resignation and behavior specified in the labor law.

Such payments are calculated based on the severance payment ceiling price at the balance sheet date. Severance payment provision is reflected in the accompanying consolidated financial statements by calculating the future liability amounts due to retirement of all employees. The interest cost included in the pension compensation expense is disclosed as severance payment expense in the operation results.

**2.08.16 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 Group's main operations.

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

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

**2.08.17 Income Accruals**

Almost all of the products sold by the Group are of foreign origin. A portion of foreign purchases of some foreign companies or the Companies from resident companies in Turkey are performed operations which are resident companies 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).





#### **2.08.18 Warranty Provisions**

The Group makes the distributorship 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**

**New standards in force as of December 31, 2019 and amendments and interpretations to existing previous standards:**

**-TFRS 9, “Financial instruments”;** Is effective for annual periods beginning on or after 1 January 2019. This amendment clarified two issues: it confirms the recognition of profit or loss that while taking into account whether a financial asset represents interest only for principal and principal, the earnings or loss arising directly when a financial liability, which is measured at amortized cost, is excluded as a result of the exclusion of the financial statement. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted from the original effective interest rate. This indicates that, unlike TAS 39, the difference is not possible to be recognized for by spreading over the remaining life of the instrument.

**- TAS 28, Amendments in Investments in Associates and Joint Ventures”;** Is effective for annual periods beginning on or after 1 January 2019. It has become clear that long term associates or joint ventures that companies do not use equity method will be recognized by using TFRS 9.

**- TFRS Interpretation 23, “Uncertainties over Income Tax Treatments”;** Is effective for annual periods beginning on or after 1 January 2019. This interpretation clarifies some uncertainties in the application of TAS 12 Income Taxes. The IFRS Interpretation Committee has clarified that if there was an uncertainty in tax applications before, this uncertainty should be applied in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” not IAS 12. TFRS Interpretation 23 provides an explanation of how to measure and recognize deferred tax in the event of uncertainties in income taxes.

TFRS Interpretation 23 provides an explanation on how to measure and recognition of deferred tax calculations when there are uncertainties in income taxes. Uncertainty of taxation occurs when it is not known whether a tax application by a Company is acceptable to the tax authority. For example, in particular, the recognition of an expense as a discount or the uncertainty of the tax law as to whether a particular item is included in the refundable tax calculation. TFRS Interpretation 23 is applicable that an item's tax practices are uncertain including; taxable income, expense, assets or liabilities are subject to taxable amounts, tax expense, receivables and tax rates.

**TAS 19 “Employee Benefits”, Plan Amendment, Curtailment or Settlement”;** It is effective for annual periods beginning on or after 1 January 2019. These improvements require the following amendments:

- For the period after the amendment, curtailment or settlement of the plan; using current assumptions to determine current service cost and net interest;





- Recognition of profit or loss as part of previous period service cost, or any loss of surplus in the financial statements, even if not previously recognized in the financial statements due to the effect of the asset ceiling.

**2015-2017 annual improvements;** Is effective for annual periods beginning on or after 1 January 2019. These improvements include the following amendments:

- TFRS 3, "Business Combinations", remeasures the previously acquired share in the joint operation.
- TFRS 11, "Joint Arrangements", the entity that provides joint control does not re-measure the previous share in the joint operation.
- TAS 12, "Income Taxes", recognizes the income tax effects of dividends in the same manner.
- TAS 23, "Borrowing Costs" considers each borrowing to be made available for the intended use or sale of a qualifying asset as part of the general borrowing.

**New standards and amendments issued and not entered into force as of December 31, 2019:**

**Amendments to the Definition of Material of TAS 1 and TAS 8;** Is effective for annual periods beginning on or after 1 January 2020. The amendments to TAS 1, "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes in Accounting Policies and Errors" and the amendments in other TFRS related to these amendments are as follows:

- Use of materiality definition consistent with TFRS and financial reporting framework
- Clarification of the definition of materiality, and
- Including some guidance in TAS 1 for non-material information

- **Amendments to TFRS 3 – Definition of a Business;** Is effective for annual periods beginning on or after 1 January 2020. With this amendment, the definition of business was revised. Based on the feedback received by the IASB, it is generally considered that existing implementation guidance is too complex, resulting in too much action to meet the definition of business combinations.

- **TFRS 17, "Insurance Contracts";** Is effective for annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently allows a wide range of applications. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation.

**Standards and amendments published by the International Accounting Standards Authority ("IASB") as of 31 December 2019 but not published by the POA:**

**TFRS 9, TAS 39 and TFRS 7 amendments- Interest Rate Benchmark Reform;** Is effective for annual periods beginning on or after 1 January 2020. These amendments provide specific facilitating practices in relation to benchmark interest rate reform. These practices are related to hedge accounting, and the impact of the IBOR reform should generally not lead to the termination of hedge accounting. However, any hedging ineffectiveness should continue to be recognized in the income statement. Given the prevalence of hedge accounting on IBOR-based contracts, these facilitating practices will affect all companies in the industry.

It is expected that the new and revised accounting standards and interpretations will not have a significant impact on the Group's accounting policies.

### **NOTE 3 BUSINESS COMBINATIONS**

As of December 31, 2019 and December 31, 2018, the Group does not have business combinations.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

**NOTE 4 SHARES IN OTHER ENTITIES**

The joint venture of our Group is Neteks İletişim Ürünleri Dağıtım A.Ş. and Neteks Teknoloji A.Ş. is consolidated according to equity method. The summary financial information of these Companies is disclosed below.

**Neteks İletişim Ürünleri Dağıtım A.Ş.**

<b>Financial Statement Components</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Current Assets	156.197.611	135.002.092
Non-Current Assets	5.177.363	4.672.806
<b>Total Assets</b>	<b>161.374.974</b>	<b>139.674.898</b>
Short Term Liabilities	158.359.687	134.464.379
Long Term Liabilities	28.442	-
Total Equity	2.986.845	5.210.519
<b>Total Liabilities and Shareholder's Equity</b>	<b>161.374.974</b>	<b>139.674.898</b>

<b>Financial Statement Components</b>	<b>1 January 2019</b>	<b>1 January 2018</b>
	<b>31 December 2019</b>	<b>31 December 2018</b>
Sales	353.669.016	285.086.047
Gross Profit	2.793.152	5.901.734
Main Operating Profit	1.422.359	13.235.501
Net Profit/Loss	(2.696.410)	(15.422.693)

**Neteks Teknoloji A.Ş.**

<b>Financial Statement Components</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Current Assets	204.440.600	115.626.985
Non-Current Assets	2.919.527	2.059.960
<b>Total Assets</b>	<b>207.360.127</b>	<b>117.686.945</b>
Short Term Liabilities	214.572.363	122.723.963
Long Term Liabilities	461.824	58.344
Total Equity	(7.674.060)	(5.095.362)
<b>Total Liabilities and Shareholder's Equity</b>	<b>207.360.127</b>	<b>117.686.945</b>

<b>Financial Statement Components</b>	<b>1 January 2019</b>	<b>1 January 2018</b>
	<b>31 December 2019</b>	<b>31 December 2018</b>
Sales	427.133.543	288.112.268
Gross Profit	18.551.896	9.345.016
Main Operating Profit	6.472.070	6.132.842
Net Profit/Loss	(1.822.539)	(4.520.274)

**NOTE 5 SEGMENT REPORTING**

The Group has classified its reportable segments as information technology, telecom, logistics and leasing. 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:





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

**1 January 2019- 31 December 2019**

	Information Technologies	Telecom	Logistics and Rental	Total	Overcome (Expense)	Consolidated
<b>Income Statement</b>						
Non-Departmental Income	4.272.020.254	751.359.803	4.949.431	5.028.329.488	-	5.028.329.488
Interdepartmental Income	-	-	33.451.015	33.451.015	(33.451.015)	-
<b>Revenue</b>	<b>4.272.020.254</b>	<b>751.359.803</b>	<b>38.400.446</b>	<b>5.061.780.503</b>	<b>(33.451.015)</b>	<b>5.028.329.488</b>
Cost of Sales (-)	(4.067.495.572)	(715.493.261)	-	(4.782.988.833)	-	(4.782.988.833)
<b>Gross Profit / Loss</b>	<b>204.524.682</b>	<b>35.866.542</b>	<b>38.400.446</b>	<b>278.791.670</b>	<b>(33.451.015)</b>	<b>245.340.655</b>

**1 January 2018- 31 December 2018**

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

**NOTE 6 CASH AND CASH EQUIVALENTS**

The details of Cash and Cash Equivalents at the ends of the periods are disclosed below:

Account Name	31 December 2019	31 December 2018
Cash	83.310	104.679
Bank (Demand Deposit)	61.670.474	28.621.960
Held to Maturity Financial Assets (Reverse Repo and Term Deposit)	215.113.823	415.036.781
Credit Card Slips	1.104.029	2.272.992
<b>Total</b>	<b>277.971.636</b>	<b>446.036.412</b>

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

As of December 31, 2019, reverse repo and time deposits transactions have a maturity of 2-182 days and an interest income of 290.933 TL has been accrued. The reverse repo is made in TL and USD and interest rates are between % 8,33-10,51% for TL and between % 0,5- % 2,78 for USD.

As of December 31, 2018, reverse repo 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, 2019 and December 31, 2018, there are no blocked or pledged amounts in the Cash and Cash Equivalents. Cash and cash equivalents in cash flow statements of the Group are stated as cash and cash equivalents less interest income accrual.

Account Name	31 December 2019	31 December 2018
Cash and Cash Equivalents	277.971.636	446.036.412
Interest Income Accruals (-)	(290.933)	(1.451.777)
<b>Total</b>	<b>277.680.703</b>	<b>444.584.635</b>

**NOTE 7 FINANCIAL INVESTMENTS**

**Short Term Financial Investments**

None.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Amounts are expressed in Turkish Lira unless otherwise stated.)

**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 at the end of the periods are explained below:

Account Name	31 December 2019	31 December 2018
Bank Loans	429.267.767	259.040.971
Leasing Liabilities	4.080.250	-
Financial Leasing Payables	-	98.047
Deferred Financial Leasing Borrowing Costs (-)	-	(4.933)
<b>Total</b>	<b>433.348.017</b>	<b>259.134.085</b>

The details of short term portions of long term borrowings for the Group at the end of the periods are disclosed below:

Account Name	31 December 2019	31 December 2018
Short Term Portions of Long Term Borrowings	5.580.603	27.130.066
<b>Total</b>	<b>5.580.603</b>	<b>27.130.066</b>

The details of Long-Term Borrowings by the end of the period are presented below:

Account Name	31 December 2019	31 December 2018
Bank Loans	-	3.604.399
Leasing Liabilities	12.273.617	-
<b>Total</b>	<b>12.273.617</b>	<b>3.604.399</b>

The short-term loans of Datagate Bilgisayar Malzemeleri Ticaret A.Ş., which is a subsidiary of the Company, amounted to TL 70.281.887, the short-term portion of long-term loans amounted to TL 5.580.603 and the long-term loans amounted to total of TL 75.862.490. (December 31, 2018 TL 62.472.181) Subscribers via Türk Telekom Group's (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) are the guarantors of the financing of mobile devices within the scope of 6 months, 12 months, 24 months and 36 months term campaigns. Receivables from dealers are transferred to Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) Within the scope of these registered campaigns and Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) are collected and paid to banks. Lease liabilities amounts of TL and USD are TL 16.353.867.

The receivables of the Company, which are mediated by Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.), are also transferred to the factoring companies as transferable and disposable. 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., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) in the maturity-dates.

Reconciliation of financial borrowings is as follows:

Account Name	31 December 2019	31 December 2018
Beginning Balance	289.868.550	156.945.159
Current Principal and Interest Inputs	881.886.176	724.545.092
Leasing Liabilities	16.353.867	-
Current Principal and Interest Inputs	(738.099.476)	(601.373.863)
Interest Accruals at the End of the Period	1.193.120	9.752.162
<b>Balance at the End of the Period</b>	<b>451.202.237</b>	<b>289.868.550</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

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

**31 December 2019**

Type	Foreign Exchange Amount	TL Amount	Annual Interest Rate (%)
TL Loans		249.898.705	10,50-29,95
TL Leasing Liabilities		3.304.472	18,00-21,00
USD Leasing Liabilities	130.598	775.778	7,00
USD Loans	30.195.795	179.369.062	3,24-5,32
<b>Total Loans</b>		<b>433.348.017</b>	

**31 December 2018**

Type	Foreign Exchange Amount	TL Amount	Annual Interest Rate (%)
<b>Short Term Loans</b>			
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
<b>Total Loans</b>		<b>259.134.085</b>	

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

**31 December 2019**

Type	Foreign Exchange Amount	TL Amount	Annual Interest Rate (%)
TL Loans		5.580.603	15,95-43,80
<b>Total Loans</b>		<b>5.580.603</b>	

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

**31 December 2018**

Type	Foreign Exchange Amount	TL Amount	Annual Interest Rate (%)
TL Loans		27.130.066	18,05-31,90
<b>Total Loans</b>		<b>27.130.066</b>	

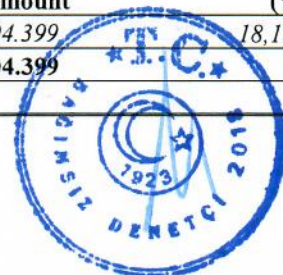
The details of long-term bank loans are presented below:

**31 December 2019**

Type	Foreign Exchange Amount	TL Amount	Annual Interest Rate (%)
TL Loans		-	-
TL Leasing Liabilities		12.160.046	18,00 – 21,00
USD Leasing Liabilities	19.119	113.571	7,00
TL Loans		12.273.617	

**31 December 2018**

Type	Foreign Exchange Amount	TL Amount	Annual Interest Rate (%)
TL Loans		3.604.399	18,11-31,90
<b>Total Loans</b>		<b>3.604.399</b>	





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

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

	31 December 2019	31 December 2018
0-12 month	438.928.620	286.264.151
13-60 month	12.273.617	3.604.399
<b>Total</b>	<b>451.202.237</b>	<b>289.868.550</b>

**NOTE 9 OTHER FINANCIAL LIABILITIES**

The Company does not have Short Term Financial Liabilities.

**NOTE 10 TRADE RECEIVABLES AND PAYABLES**

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

Account Name	31 December 2019	31 December 2018
Trade Receivables	1.234.544.386	613.558.276
<i>Trade Receivables from Related Parties (Note:37)</i>	2.909.722	1.323.223
<i>Trade Receivables from Non Related Parties</i>	1.231.634.664	612.235.053
<i>-Other Customers</i>	1.126.022.415	526.837.824
<i>-Disposition of Receivables</i>	105.612.249	85.397.229
Notes Receivables	131.876.118	89.054.092
Notes Receivables Rediscount (-)	(12.644.970)	(15.320.686)
Doubtful Trade Receivables	21.981.880	17.074.242
Doubtful Trade Receivables Provision (-)	(21.981.880)	(17.074.242)
<b>Total</b>	<b>1.353.775.534</b>	<b>687.291.682</b>

As of December 31 2019, TL 105.612.249 (December 31, 2018 TL 85.397.229) 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 T.T. Mobil İletişim Hizmetleri A.Ş and TTNET A.Ş., all of which are Türk Telekom Group. (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş and TTNET A.Ş) TL 75.862.490 (December 31, 2018: TL 58.867.782) 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., T.T. Mobil 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., T.T. Mobil 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., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.), are also transferred to the factoring companies as irrevocable and disposable. 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., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) on maturity dates.

The Group's Long Term Trade Receivables as of 31 December 2019 and 31 December 2018 are explained below:

Account Name	31 December 2019	31 December 2018
Trade Receivables	-	6.551.338
<i>Trade Receivables from Related Parties</i>	-	-
<i>Trade Receivables from Non Related Parties</i>	-	6.551.338
Disposition of Receivables Rediscount (-)	-	(2.946.939)
<b>Total</b>		<b>3.604.399</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

As of December 31 2019, (December 31, 2018 TL 6.551.338) portion of the long-term portion of the Datagate Bilgisayar Malzemeleri Ticaret A.Ş. has not 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., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.).

Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil 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., T.T. Mobil 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., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.), are also transferred to the factoring companies as irrevocable and disposable. 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., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) on maturity dates.

As of December 31, 2019, TL 105.612.249 of short-term loans and TL 1.353.775.534 of long-term loans is as follows and TL 105.612.249 of the receivable from Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) is under the guarantorship of the Group has received a guarantee from the customers for a receivable of TL 111.457.024. The remaining portion of TL 498.509.230 of the trade receivable which is TL 1.136.706.261 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 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 the receivable from Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) is under the guarantorship of 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.

Until 31.03.2020 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 80%-90% for the trade receivables that are requested for credit limit.)

**Doubtful Receivables Provision Movements:**

	1 January- 31 December 2019	1 January- 31 December 2018
Balance at the Beginning of the Period (-)	(17.074.242)	(14.094.833)
TFRS 9 adjustment (Note:2.06)	-	(538.749)
Collected Amounts in the Current Period (+)	-	-
Period Expenses (-)	(4.907.638)	(2.440.660)
<b>Balance at the End of the Period</b>	<b>(21.981.880)</b>	<b>(17.074.242)</b>

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

The details of Trade Payables at the end of the periods are presented below:

Account Name	31 December 2019	31 December 2018
Suppliers	1.181.196.673	654.823.471
Other Suppliers	1.181.034.789	654.822.011
Related Parties Suppliers (Not:37)	161.884	1.460
Notes Payables	5.269.981	1.079.497
Notes Payables Rediscount (-)	(3.508.978)	(6.224.615)
<b>Total</b>	<b>1.182.957.676</b>	<b>649.678.353</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Amounts are expressed in Turkish Lira unless otherwise stated.)

The Group does not have Long Term Trade Payables as of the periods ended.

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 debt 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. December 31, 2019 Rates: TL 10,85% USD 1,99625 (December 31, 2018 Rates: TL% 23,44 USD% 3,0054)

**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 2019	31 December 2018
Deposits and Guarantees Given	159.130	14.105
Other Receivables	222.455	2.611.627
Due from Employees	426.423	329.164
Non Trade Receivables from Related Parties (Note:37)	31.424	4.128
<b>Total</b>	<b>839.432</b>	<b>2.959.024</b>

As of December 31, 2019, 221.512 TL of other receivables are receivables from the tax office. (December 31, 2018: 2.055.184 TL.)

The details of Long Term Other Receivables as of the period end are as follows:

Account Name	31 December 2019	31 December 2018
Deposits and Guarantees Given	39.509	51.037
<b>Total</b>	<b>39.509</b>	<b>51.037</b>

Additional explanations on the nature and level of risks in Other Receivables are disclosed in Note: 38.

The details of Short Term Other Payables as of the period end are as follows:

Account Name	31 December 2019	31 December 2018
Taxes, Deductions and Other Fees Payable	6.208.250	15.702.963
Other Payables	79.879	84.177
<b>Total</b>	<b>6.288.129</b>	<b>15.787.140</b>

**NOTE 12 DERIVATIVE INSTRUMENTS**

Derivative instruments which are disclosed in Current Assets are as follows:

Account Name	31 December 2019	31 December 2018
Derivative Financial Instruments Receivable	1.459.812	-
<b>Total</b>	<b>1.459.812</b>	<b>-</b>

As of December 31, 2019, the Group has made a foreign exchange purchase agreement amounting to USD 41.704.555 and USD 960.382 with a maturity of 0 - 3 months and EURO 63.450 with a maturity of 4-12 months. As of December 31, 2019, the fair value of these contracts amounted to TL 252.400.428 and TL 1.459.812, which is the valuation difference, has been recognized as an income.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

Derivative instruments which are disclosed in Short Term Liabilities are as follows:

Account Name	31 December 2019	31 December 2018
Derivative Financial Instruments Payable	-	5.153.208
<b>Total</b>	<b>-</b>	<b>5.153.208</b>

As of December 31, 2018, the Group has made a foreign exchange purchase agreement amounting to USD 10.141.072 and EURO 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 recognized as an income.

**NOTE 13 INVENTORIES**

The details of the Inventories as end of periods are disclosed below:

Account Name	31 December 2019	31 December 2018
Trade Goods/(Merchandise)	367.372.489	226.441.469
Goods in Transit	133.680.164	50.841.570
Inventory Impairment Provision (-)	(7.479.058)	(9.661.462)
<b>Total</b>	<b>493.573.595</b>	<b>267.621.577</b>

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 statements

	1 January- 31 December 2019	1 January- 31 December 2018
Balance at the Beginning of the Period (-)	(9.661.462)	(8.509.687)
Provision Canceled due to Net Realizable Value Increase (+)	2.182.404	-
Current Period Provisions (-)	-	(1.151.775)
<b>Balance at the End of the Period</b>	<b>(7.479.058)</b>	<b>(9.661.462)</b>

The inventory impairment 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, 2019, **TL 25.669.649** of the inventories is recognized at net realizable value and the rest of the inventory is carried at cost value in the financial statements. (As of December 31, 2018, **TL 45.685.856** of inventory is carried at cost with net realizable value and its cost is disclosed in financial statements.) Provision for inventory impairment is associated with cost of sales.

Explanation	31 December 2019	31 December 2018
Cost Value	33.148.707	55.347.318
Inventory Impairment Provision	(7.479.058)	(9.661.462)
Net Realizable Value (a)	25.669.649	45.685.856
Carried at Cost Value (b)	467.903.946	221.935.721
<b>Total Inventories (a+b)</b>	<b>493.573.595</b>	<b>267.621.577</b>

There is no inventory given as collateral for liabilities.

The insurance amount of the assets is disclosed in **Note: 22**.

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Amounts are expressed in Turkish Lira unless otherwise stated.)

**NOTE 14 BIOLOGICAL ASSETS**

None.

**NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME**

Prepaid Expenses as of 31 December 2019 and 31 December 2018 are explained below.

Account Name	31 December 2019	31 December 2018
Short Term Prepaid Expenses	3.222.275	3.259.906
Advances Given to Suppliers	16.452.404	10.104.017
<b>Total</b>	<b>19.674.679</b>	<b>13.363.923</b>

Deferred Income as of 31 December 2019 and 31 December 2018 are explained below.

Account Name	31 December 2019	31 December 2018
Advances Received from Customers	16.774.990	14.173.605
Short Term Deferred Income	50.292.291	49.311.499
<b>Total</b>	<b>67.067.281</b>	<b>63.485.104</b>

As of December 31, 2019, TL 3.833.279 of the advances received is TL virtual and TL physical of Datagate Bilgisayar Malzemeleri A.Ş. due to advances received for load minute units.

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.

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

**NOTE 16 INVESTMENTS VALUED BY EQUITY METHOD**

Investments Valued by Equity Method liabilities are as follows:

	31 December 2019	31 December 2018
Investments Valued by Equity Method	2.110.197	3.221.926
Investments Valued by Equity Method Liabilities	(3.837.029)	(2.547.681)
<b>Total</b>	<b>(1.726.832)</b>	<b>674.245</b>

Investments Valued by Equity Method are disclosed below:

Company Name	Participation Rate	31 December 2019	31 December 2018
Neteks İletişim Ürünleri Dağıtım A.Ş.	50	2.110.197	3.221.926
<b>Total</b>		<b>2.110.197</b>	<b>3.221.926</b>

Investments Valued by Equity Method liabilities are as follows:

Company Name	Participation Rate	31 December 2019	31 December 2018
Neteks Teknoloji Ürünleri A.Ş.	50	(3.837.029)	(2.547.681)
<b>Total</b>		<b>(3.837.029)</b>	<b>(2.547.681)</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

The fair value statement of the Investments Valued by Equity method is as follows:

	31 December 2019	31 December 2018
January 1 Beginning Balance	674.245	8.771.537
Capital Increase	37.500	-
Period Profit Share	(2.259.474)	(9.971.483)
Foreign Exchange Translation Differences and Actuarial Gains	(179.103)	1.874.191
<b>Balance at the End of the Period</b>	<b>(1.726.832)</b>	<b>674.245</b>

As of December 31, 2019 and December 31, 2018, there is TL 616.776 of goodwill recognized in investments valued by equity method.

The summary financial information related to the investments valued by equity method is disclosed in **Note: 4**.

**NOTE 17 INVESTMENT PROPERTIES**

The details of Investment Properties are as follows:

	31 December 2019	31 December 2018
Revenue Share Investment Properties	-	-
Other Investment Properties	32.712.743	26.031.431
<b>Total</b>	<b>32.712.743</b>	<b>26.031.431</b>

The details of Other Investment Properties are as follows:

**31 December 2019**

**Cost**

Account Name	1 January 2019	Purchases	Sales (-)	Transfer	31 December 2019
Land	1.571.151	-	-	-	1.571.151
Buildings	24.720.525	2.566.447	-	4.787.566	32.074.538
<b>Total</b>	<b>26.291.676</b>	<b>2.566.447</b>	<b>-</b>	<b>4.787.566</b>	<b>33.645.689</b>

**Accumulated Depreciation**

Account Name	1 January 2019	Period Amortization	Sales	Transfer	31 December 2019
Buildings	(260.245)	(538.709)	-	(133.992)	(932.946)
<b>Total</b>	<b>(260.245)</b>	<b>(538.709)</b>	<b>-</b>	<b>(133.992)</b>	<b>(932.946)</b>

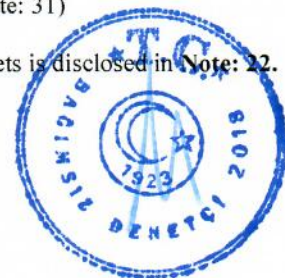
<b>Net Value</b>	<b>26.031.431</b>	<b>32.712.743</b>
------------------	-------------------	-------------------

The net amount of investment properties is TL 32.712.743 and TL 2.579.573 (December 31, 2018 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 30.133.170 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 rental income received from investment properties in the current period.

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

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

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

Insurance amounts on assets are disclosed in **Note: 22.**

**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
<b>Total</b>	<b>2.765.956</b>	<b>-</b>	<b>(20.380)</b>	<b>23.546.100</b>	<b>26.291.676</b>

**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)
<b>Total</b>	<b>(123.848)</b>	<b>(23.489)</b>	<b>4.822</b>	<b>(117.730)</b>	<b>(260.245)</b>

<b>Net Value</b>	<b>2.642.108</b>				<b>26.031.431</b>
------------------	------------------	--	--	--	-------------------

The net amount of other investment properties is TL 26.031.431 and TL 2.624.187 (December 31, 2018 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.

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

**31 December 2019**

As of 31 December 2019, the Group does not have Revenue Share Investment Properties

**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)	-
Land Improvements	20.270	-	(20.270)	-	-
Buildings	6.805.481	-	(6.805.481)	-	-
<b>Total</b>	<b>14.999.722</b>	<b>-</b>	<b>(12.754.757)</b>	<b>(2.244.965)</b>	<b>-</b>

**Accumulated Depreciation**

Account Name	1 January 2018	Period Amortization	Sales	Transfer	31 December 2018
Land Improvements	(20.270)	-	20.270	-	-
Buildings	(2.278.236)	-	2.278.236	-	-
<b>Total</b>	<b>(2.298.506)</b>	<b>-</b>	<b>2.298.506</b>	<b>-</b>	<b>-</b>

<b>Net Value</b>	<b>12.701.216</b>				<b>-</b>
------------------	-------------------	--	--	--	----------

**NOTE 18 TANGIBLE ASSETS AND RIGHT OF USE ASSETS**

Tangible Assets of the Group at the end of the periods are disclosed below:





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

**31 December 2019**

**Cost**

Account Name	1 January 2019	Purchases	Sales (-)	Transfer	31 December 2019
Buildings	22.765.532	2.681.370	-	(4.787.567)	20.659.335
Plant, Machinery and Equipment	4.062.181	12.928	(23.280)	-	4.051.829
Vehicles	3.461.682	908.247	(963.809)	-	3.406.120
Furniture and Fixtures	9.173.026	2.211.854	-	-	11.384.880
Leasehold Improvements	5.939.003	1.171.465	-	-	7.110.468
<b>Total</b>	<b>45.401.424</b>	<b>6.985.864</b>	<b>(987.089)</b>	<b>(4.787.567)</b>	<b>46.612.632</b>

**Accumulated Depreciation**

Account Name	1 January 2019	Period Amortization	Sales	Transfer	31 December 2019
Buildings	(113.828)	(498.142)	-	133.992	(477.978)
Plant, Machinery and Equipment	(3.813.765)	(93.543)	23.280	-	(3.884.028)
Vehicles	(2.155.151)	(426.969)	861.900	-	(1.720.220)
Furniture and Fixtures	(7.453.904)	(987.583)	-	-	(8.441.487)
Leasehold Improvements	(4.888.638)	(893.827)	-	-	(5.782.465)
<b>Total</b>	<b>(18.425.286)</b>	<b>(2.900.064)</b>	<b>885.180</b>	<b>133.992</b>	<b>(20.306.178)</b>

<b>Net Value</b>	<b>26.976.138</b>				<b>26.306.454</b>
------------------	-------------------	--	--	--	-------------------

**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 Equipment	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
<b>Total</b>	<b>22.204.732</b>	<b>45.555.545</b>	<b>(1.057.718)</b>	<b>(21.301.135)</b>	<b>45.401.424</b>

**Accumulated Depreciation**

Account Name	1 January 2018	Period Amortization	Sales	Transfer	31 December 2018
Land Improvements	-	-	-	-	-
Buildings	-	(231.558)	-	117.730	(113.828)
Plant, Machinery and Equipment	(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)
<b>Total</b>	<b>(16.334.260)</b>	<b>(2.979.206)</b>	<b>770.450</b>	<b>117.730</b>	<b>(18.425.286)</b>

<b>Net Value</b>	<b>5.870.472</b>				<b>26.976.138</b>
------------------	------------------	--	--	--	-------------------

**Other Information:**

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

There is no mortgage on buildings located in the asset. The insurance value of the assets is given in **Note: 22**.  
As of December 31, 2019 and December 31, 2018, the Group's Right of Use Assets is disclosed below:

**31 December 2019**

**Cost**

Account Name	1 January 2019	TFRS-16 Initial Recognition	Purchases	Sales/(-) /Depreciated Agreements	31 December 2019
Buildings	-	15.205.286	-	-	15.205.286
Vehicles	-	4.685.137	-	(144.748)	4.540.389
<b>Total</b>	-	<b>19.890.423</b>	-	<b>(144.748)</b>	<b>19.745.675</b>

**Accumulated Depreciation**

Account Name	1 January 2019	TFRS-16 Initial Recognition	Period Amortization	Sales/(-) /Depreciated Agreements	31 December 2019
Buildings	-	-	(2.942.213)	-	(2.942.213)
Vehicles	-	-	(1.659.275)	144.748	(1.513.626)
<b>Total</b>	-	-	<b>(4.601.488)</b>	<b>144.748</b>	<b>(4.456.740)</b>

<b>Net Value</b>	-				<b>15.288.935</b>
------------------	---	--	--	--	-------------------

**NOTE 19 INTANGIBLE ASSETS**

**31 December 2019**

**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 2019**

**Cost**

Account Name	1 January 2019	Purchases	Sales	Transfer	31 December 2019
Rights	4.905.758	-	-	-	4.905.758
Other Intangible Assets	130.810	25.000	-	-	155.810
<b>Total</b>	<b>5.036.568</b>	<b>25.000</b>	-	-	<b>5.061.568</b>

**Accumulated Depreciation**

Account Name	1 January 2019	Period Amortization	Sales	Transfer	31 December 2019
Rights	(1.615.913)	(339.231)	-	-	(1.955.144)
<b>Total</b>	<b>(1.615.913)</b>	<b>(339.231)</b>	-	-	<b>(1.955.144)</b>

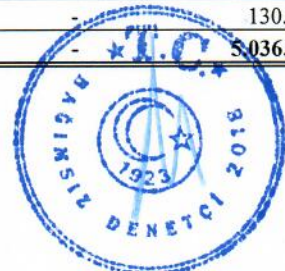
<b>Net Value</b>	<b>3.420.655</b>				<b>3.106.424</b>
------------------	------------------	--	--	--	------------------

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 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
<b>Total</b>	<b>4.521.231</b>	<b>515.337</b>	-	-	<b>5.036.568</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

**Accumulated Depreciation**

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

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 2019	31 December 2018
Balance at the Beginning of the Period	1.897.699	1.897.699
<b>Balance at the End of the Period</b>	<b>1.897.699</b>	<b>1.897.699</b>

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, 2019 and December 31, 2018 and no impairment was determined.

**NOTE 20 EMPLOYEE BENEFITS PAYABLES**

As of December 31, 2019 and December 31, 2018, Employee Benefits Payables are explained below:

Account Name	31 December 2019	31 December 2018
Due to Personnel	1.294.035	106.089
Social Security Premiums Payable	1.113.505	633.757
<b>Total</b>	<b>2.407.540</b>	<b>739.846</b>

**NOTE 21 GOVERNMENT INCENTIVES AND GRANTS**

None.

**NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

Account Name	31 December 2019	31 December 2018
Price Difference Provisions	47.852.765	45.592.782
Litigation Provisions	215.229	344.637
<b>Total</b>	<b>48.067.994</b>	<b>45.937.419</b>

31 December 2019	Litigation Provision	Price Difference Provisions	Total
Balance as of January 1	344.637	45.592.782	45.937.419
Additional Provisions	-	47.852.765	47.852.765
Payment / Offsetting	-	(45.592.782)	(45.592.782)
Cancelled Provision	(129.408)	-	(129.408)
<b>Balance as of 31 December 2019</b>	<b>215.229</b>	<b>47.852.765</b>	<b>48.067.994</b>

31 December 2018	Litigation Provision	Price Difference Provisions	Total
Balance as of January 1	318.710	25.868.370	26.187.080
Additional Provisions	90.927	45.592.782	45.683.709
Payment / Offsetting	-	(25.868.370)	(25.868.370)
Cancelled Provision	(65.000)	-	(65.000)
<b>Balance as of 31 December 2018</b>	<b>344.637</b>	<b>45.592.782</b>	<b>45.937.419</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Amounts are expressed in Turkish Lira unless otherwise stated.)

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 2019**

As of December 31, 2019, legal provisions are allocated for all litigations filed against the Group amounting to **TL 215.229** and these amounts are reflected in the financial statements. Almost all of the litigations are due to customs cases.

**31 December 2018**

As of December 31, 2018, legal provisions are allocated for all litigations 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.

Provisions for doubtful receivables of the Group for execution proceedings in accordance with TFRS 9 are **TL 21.981.880** and provisions for impairment are made in the financial statements. (31.12.2018: **TL 17.074.242**)

*Commitments not included in the liability;*

**31 December 2019**

	TL	USD	EURO
Sureties Given	115.801.070	8.465.000	-
Guarantee Letters Given	204.969.677	13.000.000	1.350.000
<b>TOTAL</b>	<b>320.770.747</b>	<b>21.465.000</b>	<b>1.350.000</b>

**31 December 2018**

	TL	USD	EURO
Sureties Given	179.939.752	9.465.000	-
Guarantee Letters Given	135.808.553	12.000.000	-
<b>TOTAL</b>	<b>315.748.305</b>	<b>21.465.000</b>	<b>-</b>

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 assets:*

**31 December 2019**

Type of Insured Asset	USD	TL
Trade Goods/(Merchandise)	61.000.000	-
Vehicles	-	5.907.975
Office, Plant, Machinery and Equipment	25.000	6.388.652
Buildings	-	7.000.000
<b>Total</b>	<b>61.025.000</b>	<b>19.296.627</b>

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

**31 December 2018**

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

The ceiling amount of 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.

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

CPM's given by the Group	31 December 2019	31 December 2019	31 December 2018	31 December 2018
	Foreign Exchange Amount	TL Equivalent	Foreign Exchange Amount	TL Equivalent
A. CPM's given on behalf of the Company's legal personality	-	291.170.587	-	198.939.353
Guarantee Letter (USD)	13.000.000	77.222.600	12.000.000	63.130.800
Guarantee Letter (EUR)	1.350.000	8.978.310		
Guarantee Letter (TL)	204.969.677	204.969.677	135.808.553	135.808.553
Collateral Notes and Checks (TL)				
Pledge				
Mortgage (USD)				
B. Total amount of CPM's given in favor of subsidiaries included in full consolidation		166.084.863		229.734.171
Surety (USD)	8.465.000	50.283.793	9.465.000	49.794.419
Surety (EURO)				
Surety (TL)	115.801.070	115.801.070	179.939.752	179.939.752
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.	-	-	-	-
<b>Total</b>	-	<b>457.255.450</b>	-	<b>428.673.524</b>

The ratio of other CPM given by the Group to the equity is 0%: (31 December 2018: 0%)

**NOTE 23 COMMITMENTS**

None.

**NOTE 24 EMPLOYEE BENEFITS LONG TERM PROVISIONS**

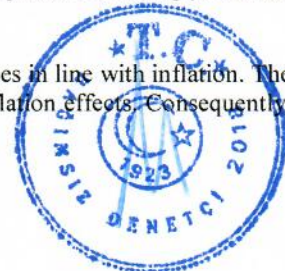
Account Name	31 December 2019	31 December 2018
Severance Payment Provision	6.780.025	5.911.708
<b>Total</b>	<b>6.780.025</b>	<b>5.911.708</b>

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 payment. Severance payment as of 1 January 2020, TL 6.730,15 (31 December 2018: TL 5.001,76).

The provision of severance payment has been calculated by estimating the present value of the future probable obligation of the Group 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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

accompanying financial statements as at 31 December 2019, 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, 2019, the provisions have been calculated assuming an annual inflation rate of 8,50% and a discount rate of 12,50%, resulting in a real discount rate of 3,69%. (31 December 2018: 3,51% real discount rate).

The probability of non-disassociation of severance payment liabilities is 97.08% as of December 31, 2019. (31.12.2018: 97.36%)

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

	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
Balance as of January 1	5.911.708	4.148.419
Service Cost	662.003	621.025
Actuarial (Gains) / Losses	71.907	893.782
Interest Cost	738.965	560.037
Reduction of Payment Benefits		
Losses Due to Dismissal	480.534	906.826
Payment (-)	(1.085.092)	(1.218.381)
<b>Balance at the End of the Period</b>	<b>6.780.025</b>	<b>5.911.708</b>

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.

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

	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
General Administrative and Marketing Expenses	(1.881.502)	(2.087.888)
Other Income from Main Operations	-	-
<b>Recognized in Profit or Loss (Expense) / Income</b>	<b>(1.881.502)</b>	<b>(2.087.888)</b>
Actuarial Gains/(Losses) Recognized in Other Comprehensive Income	(71.907)	(893.782)
<b>Total Period Income / (Expense)</b>	<b>(1.953.409)</b>	<b>(2.981.670)</b>

	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
Actuarial Gains/(Losses) Recognized in Other Comprehensive Income	(71.907)	(893.782)
Tax Effect % 20	14.381	178.756
<b>Amount</b>	<b>(57.526)</b>	<b>(715.026)</b>
<b>Actuarial Gains/(Losses) with Minority/Equity Method</b>	<b>(66.857)</b>	<b>11.738</b>
<b>Net Amount</b>	<b>(124.383)</b>	<b>(703.288)</b>

In the current period, the amount recognized as an actuarial loss is TL 71.907. As a result of the recognition of deferred tax income on other comprehensive income / expense, the other comprehensive net expense amounted to TL 57.526. The actuarial loss related to the investments valued by equity method is TL 66.857 and the expense amounting to TL 124.383 is disclosed in the statement of comprehensive income.

In the previous 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 gain related to the investments valued by equity method is TL 11.738 and the expense amounting to TL 703.288 is disclosed in the statement of comprehensive income.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

**NOTE 25 CURRENT PERIOD TAX ASSETS AND LIABILITIES**

As of 31 December 2019 and 31 December 2018, the current period tax assets and liabilities of the Group are disclosed below.

Account Name	31 December 2019	31 December 2018
Prepaid Taxes	88.535	257.030
<b>Total</b>	<b>88.535</b>	<b>257.030</b>

**NOTE 26 OTHER ASSETS AND LIABILITIES**

As of 31 December 2019 and 31 December 2018, the Other Current Assets are as follows:

Account Name	31 December 2019	31 December 2018
Credit Note Income Accruals	8.869.295	14.494.666
Deferred VAT	16.927.613	92.618
Work Advances	231.335	108.279
<b>Total</b>	<b>26.028.243</b>	<b>14.695.563</b>

**NOTE 27 SHAREHOLDERS EQUITY**

**i) Non-Controlling Interests**

Account Name	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Balance at the Beginning of the Period	41.162.511	38.938.880
Non-Controlling Interests Gains / Losses	9.600.493	7.317.490
Foreign Exchange Translation Differences	-	(10.226)
Increase/Decrease Due to Repurchase of Share Transactions	-	(217.474)
Minority Actuarial Gains/Losses	(4.207)	(37.265)
Subsidiary Dividend Payment Minority Share	(600)	(4.828.894)
<b>Total</b>	<b>50.758.197</b>	<b>41.162.511</b>

Account Name	31 December 2019	31 December 2018
Non-Controlling Interests	50.758.197	41.162.511
<b>Total</b>	<b>50.758.197</b>	<b>41.162.511</b>

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

The capital of the Group consists of 56.000.000 shares with a nominal value of TL 1 each and the issued capital is 56.000.000 TL. The Group'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 150.000.000 to TL 300.000.000 with the permission of the Capital Markets Board on 21.02.2019. The decision was taken at the Board of Directors meeting held on 23 May 2019. The registered capital ceiling permission given by the Capital Market Board is valid for the years 2019-2023.

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

Shareholders	31 December 2019		31 December 2018	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Nevres Erol Bilecik (*)	36,37%	20.369.646	36,37%	20.369.646
Alfanor 13131 AS	5,58%	3.125.000	19,03%	10.654.887
Public Shares	55,68%	31.177.899	42,23%	23.648.012
Other	2,37%	1.327.455	2,37%	1.327.455
<b>Total</b>	<b>100%</b>	<b>56.000.000</b>	<b>100%</b>	<b>56.000.000</b>

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 will not be Classified in Profit or Loss**

The Group'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 2019	31 December 2018
Balance as of January 1	(1.083.994)	(380.706)
Actuarial Gains and (Losses) (Note:24)	(71.907)	(893.782)
Tax Effect (Note:24, Note:35)	14.381	178.756
Minority Actuarial Gains/ Losses	4.207	38.187
Investments Valued by Equity Method will be Classified in Other Comprehensive Income/(Expense)	(71.064)	(26.449)
Actuarial Gains and Losses (Net)	(1.208.377)	(1.083.994)
Revaluation and Re-measurement Gains and Losses	(1.208.377)	(1.083.994)
Other Gains and Losses	-	-
Accumulated Other Comprehensive Income or Expenses which won't be Classified in Profit or Loss	(1.208.377)	(1.083.994)

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

The statement of Foreign Exchange Translation Differences is disclosed below:

	31 December 2019	31 December 2018
Balance as of January 1	15.434.110	13.479.683
Increase / Decrease	(57.072)	1.954.427
<b>Balance at the End of the Period</b>	<b>15.377.038</b>	<b>15.434.110</b>

The Group does not have Cash Flow Hedging and there exists no gains and losses.

**vi) Reserves on Retained Earnings**

Reserves on Retained Earnings 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.

**vi) Previous Years Profits**





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

Previous Years Profits 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 Group for the periods are as follows:

Account Name	31 December 2019	31 December 2018
Capital	56.000.000	56.000.000
Capital Translation Differences	1.064.323	1.064.323
Repurchased Shares (-)	(1.705.805)	(1.705.805)
Share Premiums/Discounts	156.607	156.607
Accumulated Other Comprehensive Income Or Expenses Which Won't Be Classified In Profit Or Loss	(1.208.377)	(1.083.994)
- Revaluation and Measurement Gains/Losses	(1.208.377)	(1.083.994)
Accumulated Other Comprehensive Income Or Expenses Which Will Be Classified In Profit Or Loss	15.377.038	15.434.110
- Hedging Fund (Note:9)		-
- Foreign Exchange Translation Differences	15.377.038	15.434.110
Reserves on Retained Earnings	38.620.502	31.006.238
- Legal Reserves	37.473.452	29.859.188
- Affiliation Privilege from Corporate Tax	1.147.050	1.147.050
Previous Years Profits / Losses	238.824.749	153.911.932
Net Period Profit / Loss	92.501.407	121.648.391
<b>Parent Company Shareholders Equity</b>	<b>439.630.444</b>	<b>376.431.802</b>
Minority Shares	50.758.197	41.162.511
<b>Total Shareholders' Equity</b>	<b>490.388.641</b>	<b>417.594.313</b>

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 December 31 2019, 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.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

**NOTE 28 REVENUE AND COST OF SALES**

The Group's Revenue and Cost of Sales for the periods is explained below.

<b>Account Name</b>	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
Domestic Sales	5.101.915.745	3.863.118.055
Foreign Sales	28.358.073	81.674.843
Other Sales	1.846.953	67.677.208
Sales Returns (-)	(88.951.888)	(96.797.962)
Other Discounts (-)	(14.839.395)	(12.269.364)
<b>Net Sales</b>	<b>5.028.329.488</b>	<b>3.903.402.780</b>
Cost of Goods Sold (-)	(4.782.988.833)	(3.717.149.973)
<b>Gross Profit / (Loss)</b>	<b>245.340.655</b>	<b>186.252.807</b>

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

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

<b>Account Name</b>	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
General Administrative Expenses (-)	(53.382.200)	(48.998.994)
Marketing, Sales and Distribution Expenses (-)	(44.029.964)	(39.059.470)
<b>Total Operating Expenses</b>	<b>(97.412.164)</b>	<b>(88.058.464)</b>

**NOTE 30 EXPENSES BY NATURE**

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

<b>Account Name</b>	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
<b>Marketing, Sales and Distribution Expenses and General Administrative Expenses (-)</b>	<b>(97.412.164)</b>	<b>(88.058.464)</b>
- Personnel Expenses	(50.161.855)	(45.060.295)
- Logistics Expenses	(6.651.571)	(5.693.974)
- Depreciation Expenses	(8.379.492)	(3.365.704)
- Rental Expenses	(1.592.106)	(9.560.184)
- Communication Expenses	(397.665)	(420.734)
- Travel Expenses	(968.142)	(773.660)
- Transportation Expenses	(3.823.214)	(1.899.195)
- Consultancy and Audit Expenses	(1.831.669)	(1.998.288)
- Sales and Foreign Trade Expenses	(821.193)	(689.183)
- Insurance Expenses	(6.921.515)	(6.520.200)
- Advertising and Promotion Expenses	(1.122.751)	(1.268.149)
- Taxes, Fees and Deductions	(398.162)	(257.061)
- Severance Payment Provision Expenses	(1.881.502)	(2.087.888)
- Doubtful Receivable Provision	(4.907.638)	(2.440.661)
- Other Expenses	(7.553.689)	(6.023.288)
<b>Total Operating Expenses</b>	<b>(97.412.164)</b>	<b>(88.058.464)</b>

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





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

(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 2019	1 January- 31 December 2018
<b>Other Main Operating Income</b>	<b>147.605.694</b>	<b>140.575.964</b>
Provisions No Longer Required (Litigation)	60.480	-
Interest Eliminated from Sales	69.044.688	62.034.991
Interest and Rediscount Income	9.680.045	19.853.459
Exchange Rate Difference Income (Trade Receivables and Payables)	68.707.257	58.414.693
Other Income and Profits	113.224	272.821
<b>Other Main Operating Expenses(-)</b>	<b>(133.845.419)</b>	<b>(98.732.610)</b>
Interest Eliminated from Purchases	(55.724.099)	(41.420.093)
Interest and Rediscount Expense	(12.883.400)	(24.179.399)
Exchange Rate Difference Expenses (Trade Receivables and Payables)	(64.048.845)	(32.616.271)
Other Expenses and Losses (-)	(1.189.075)	(516.847)
<b>Other Income / Expenses (Net)</b>	<b>13.760.275</b>	<b>41.843.354</b>

**NOTE 32 INVESTMENT OPERATIONS AND INVESTMENTS VALUED BY EQUITY METHOD**

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

Account Name	1 January- 31 December 2019	1 January- 31 December 2018
<b>Investment Operations Income</b>	<b>551.576</b>	<b>74.052.436</b>
Fixed Assets Sales Profits	551.576	98.863
Revenue Sharing Real Estate Sales Profits	-	73.953.573
<b>Investment Operations Expenses (-)</b>	<b>-</b>	<b>-</b>
<b>Other Income / Expenses (Net)</b>	<b>551.576</b>	<b>74.052.436</b>

Account Name	1 January- 31 December 2019	1 January- 31 December 2018
Profit/(Loss) of Investments Valued by Equity Method	(2.259.474)	(9.971.483)
<b>Other Income / Expenses (Net)</b>	<b>(2.259.474)</b>	<b>(9.971.483)</b>

Explanatory information disclosed on Note: 17.

**NOTE 33 FINANCIAL INCOME / (EXPENSES)**

The financial income of the Group for the periods is explained below.

Account Name	1 January- 31 December 2019	1 January- 31 December 2018
Interest Income	17.415.646	11.615.147
Foreign Exchange Translation Income	47.718.912	45.736.580
<b>Total Financial Income</b>	<b>65.134.558</b>	<b>57.351.727</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Amounts are expressed in Turkish Lira unless otherwise stated.)

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

Account Name	1 January- 31 December 2019	1 January- 31 December 2018
Bank and Interest Expenses	(55.797.287)	(60.782.268)
Foreign Exchange Translation Expenses	(37.929.865)	(30.135.119)
<b>Total Financial Expenses</b>	<b>(93.727.152)</b>	<b>(90.917.387)</b>

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

Account Name	31 December 2019	31 December 2018
Current Period Statutory Tax Provision	20.183.575	42.141.891
Prepaid Taxes (-)	(11.505.406)	(19.527.005)
<b>Total Net Tax to be Paid</b>	<b>8.678.169</b>	<b>22.614.886</b>

Tax assets and liabilities for periods are disclosed below:

Account Name	1 January- 31 December 2019	1 January- 31 December 2018
Current Period Statutory Tax Provision	(20.183.575)	(42.141.891)
Deferred Tax Income / (Expenses)	(9.102.799)	554.782
<b>Total Tax Income / (Expense)</b>	<b>(29.286.374)</b>	<b>(41.587.109)</b>

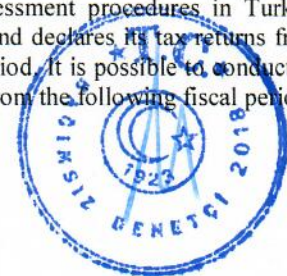
Account Name	31 December 2019	31 December 2018
Deferred Tax Receivables/Payables at the Beginning of the Period	21.889.712	21.037.649
Actuarial Gains/Losses	14.381	297.281
Deferred Tax Income / (Expenses)	(9.102.799)	554.782
<b>Deferred Tax Assets/Liabilities at the End of the Period (Net)</b>	<b>12.801.294</b>	<b>21.889.712</b>

**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 Group's 2020, 2019 and 2018 earnings in the interim tax period, temporary tax is calculated as 22% 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.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

(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 2018, 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 Tax Withholding:*

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%.

*Deferred Tax:*

The Group 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 2019 Accumulated Temporary Differences	31 December 2019 Deferred Tax Assets / (Liabilities)	31 December 2018 Accumulated Temporary Differences	31 December 2018 Deferred Tax Assets / (Liabilities)
Fixed Assets	(4.501.449)	(900.290)	(4.814.162)	(962.832)
Rediscount Expenses	51.063.499	11.233.970	77.351.215	17.017.267
Severance Payment Provision	6.780.025	1.356.005	5.911.708	1.182.342
Inventory Impairment Provision	7.479.057	1.645.393	9.661.462	2.125.522
Rediscount Income	(2.790.201)	(613.844)	(6.065.656)	(1.334.444)
Derivative Instruments	(1.459.812)	(321.159)	5.153.208	1.133.706
Other	1.823.723	401.219	12.400.692	2.728.151
<b>Deferred Tax Assets / Liabilities</b>		<b>12.801.294</b>		<b>21.889.712</b>

Account Name	31 December 2019	31 December 2018
Deferred Tax Receivables	12.801.849	21.890.267
Deferred Tax Payables (-)	(555)	(555)
<b>Deferred Tax Receivables/Payables</b>	<b>12.801.294</b>	<b>21.889.712</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

**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 2019	1 January- 31 December 2018
Period Profit / (Loss)	92.501.407	121.648.391
Average Number of Shares	56.000.000	56.000.000
<b>Earnings / (Losses) Per Share</b>	<b>1,651811</b>	<b>2,172293</b>
Preferred Capital Stock Share Earnings	14.536,02	19.116,28
Ordinary Shares Earnings	1,569229	2,063690

**NOTE 37 RELATED PARTY DISCLOSURES**

Receivables and Payables Balances with Related Parties:

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
<b>31 December 2019</b>				
Neteks A.Ş.	611	-	73	-
Homend A.Ş.	140.365	31.424	84.782	-
Desbil A.Ş.	533.679	-	77.029	-
Neteks Teknoloji A.Ş.	898.119	-	-	-
Neteks FZE	-	-	-	-
Despec A.Ş.	1.336.948	-	-	-
<b>Total</b>	<b>2.909.722</b>	<b>31.424</b>	<b>161.884</b>	<b>-</b>

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
<b>31 December 2018</b>				
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	-
<b>Total</b>	<b>1.323.223</b>	<b>4.128</b>	<b>1.460</b>	<b>-</b>

The receivables and payables from related parties are not included in the collateral. There is no 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 receivables. The Bank operates interest rates on USD, EUR and TL for the 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 2019 are in the range of 3,50% - 8,50% for USD for the twelve month period and 2,75% - 8,25% for the EUR and the 10,80% and 29,00% TL respectively. (As of December 31, 2018, interest rates are between% 8,00 – 8,50% (% 8,00 - 8,50) and% (% 26-34).





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

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

**1 January 2019– 31 December 2019**

Sales to Related Parties	Service and Goods Sales	Joint Expense Participation	Interest and Exchange Rate Difference Income	Total Income / Sales
Desbil A.Ş.	-	8.800	-	8.800
Despec A.Ş.	5.004.771	2.267.110	709.383	7.981.264
Homend A.Ş.	41.184	46.661	3.173.703	3.261.548
Neteks Dubai	4.949.433	-	176	4.949.609
Neteks A.Ş.	21.891	186.827	17.417	226.135
Neteks Teknoloji	89.404	6.717.527	3.274.057	10.080.988
<b>TOTAL</b>	<b>10.106.683</b>	<b>9.226.925</b>	<b>7.174.736</b>	<b>26.508.344</b>

Purchases from Related Parties	Service and Goods Purchases	Joint Expense Participation	Interest and Exchange Rate Difference Expense	Total Expenses / Purchases
Desbil A.Ş.	-	618.412	68.698	687.110
Despec A.Ş.	927.150	33.244	143.018	1.103.412
Neteks A.Ş.	-	-	1.345	1.345
Neteks Teknoloji	5.620.115	146.894	349.970	6.116.979
<b>TOTAL</b>	<b>6.547.265</b>	<b>798.550</b>	<b>563.031</b>	<b>7.908.846</b>

**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
<b>TOTAL</b>	<b>18.275.772</b>	<b>8.097.765</b>	<b>1.787.179</b>	<b>28.160.716</b>

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
<b>TOTAL</b>	<b>8.275.471</b>	<b>176.243</b>	<b>1.751.629</b>	<b>10.203.343</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

C) Senior management benefits and salaries:

<b>Account Name</b>	<b>1 January 2019 – 31 December 2019</b>	<b>1 January 2018 – 31 December 2018</b>
Short Term Benefits and Salaries Provided to Senior Management	11.183.301	8.754.480
Benefits Due to Dismissal	-	-
Other Long Term Benefits	-	-
<b>Total</b>	<b>11.183.301</b>	<b>8.754.480</b>

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

**NOTE 38 QUALIFICATIONS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

(a) Capital risk management

The Group, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and resources on the other hand.

The capital structure of the 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 management 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 Group 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.

	<b>31 December 2019</b>	<b>31 December 2018</b>
Total Debts	1.777.286.635	1.101.724.450
Less (-) Cash and Cash Equivalents	(277.971.636)	(446.036.412)
Net Debt	1.499.314.999	655.688.038
Total Shareholders' Equity	490.388.641	417.594.313
Total Equity	1.989.703.640	1.073.282.351
<b>Ratio % (Net Debt/ Total Capital)</b>	<b>75,35%</b>	<b>61,09%</b>

(b) Significant accounting policies

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

(c) 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.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

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 Exchange Risk and Management**

Foreign exchange 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 exchange assets and liabilities into Turkish Lira. The Group generally sells goods on the basis of foreign exchange purchases. Therefore, there is no significant risk occurred due to exchange rate translation 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 exchange 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 exchange denominated receivables and payables.

As of December 31, 2019 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 24.642.748 higher (31 December 2018: TL 16.331.324 would have been higher).

**Exchange Rate Sensitivity Analysis Table**

Current Period 31 December 2019		
	Profit/ (Loss)	
	Appreciation of Foreign Exchange	Depreciation of Foreign Exchange
USD against TL by 10% value change;		
1- USD Net Asset / Liability	23.801.538	(23.801.538)
2- Hedged portion of USD Risk (-)		
<b>3- USD Net Effect (1+2)</b>	<b>23.801.538</b>	<b>(23.801.538)</b>
EURO against TL by 10% value change;		
4- EURO Net Asset / Liability	841.210	(841.210)
5- Hedged portion of Euro Risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>841.210</b>	<b>(841.210)</b>
Other against TL by 10% value change;		
7- Other Net Asset / Liability	-	-
8- Hedged portion of Other Risk (-)	-	-
<b>9- Other Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>24.642.748</b>	<b>(24.642.748)</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

**Exchange Rate Sensitivity Analysis Table**

	Previous Period 31 December 2018	
	Appreciation of Foreign Exchange	Depreciation of Foreign Exchange
USD against TL by 10% value change;		
1- USD Net Asset / Liability	14.704.170	(14.704.170)
2- Hedged portion of USD Risk (-)		
<b>3- USD Net Effect (1+2)</b>	<b>14.704.170</b>	<b>(14.704.170)</b>
EURO against TL by 10% value change;		
4- EURO Net Asset / Liability	1.627.154	(1.627.154)
5- Hedged portion of Euro Risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>1.627.154</b>	<b>(1.627.154)</b>
Other against TL by 10% value change;		
7- Other Net Asset / Liability	-	-
8- Hedged portion of Other Risk (-)	-	-
<b>9- Other Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>16.331.324</b>	<b>(16.331.324)</b>





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31**  
**DECEMBER 2019**

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

	Currency Position Table			Previous Period		
	TL Equivalent	USD	Euro	TL Equivalent	USD	Euro
1. Trade Receivables	533.019.785	87.999.046	1.546.906	296.924.653	52.370.185	3.551.816
2a. Monetary Financial Assets	206.292.246	32.465.991	2.020.534	284.346.760	49.525.353	3.948.047
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	45.193.199	7.274.240	298.133	52.748.754	9.313.193	622.590
<b>4. Total Current Assets (1+2+3)</b>	<b>784.505.230</b>	<b>127.739.277</b>	<b>3.865.573</b>	<b>634.020.167</b>	<b>111.208.731</b>	<b>8.122.453</b>
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Total Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>784.505.230</b>	<b>127.739.277</b>	<b>3.865.573</b>	<b>634.020.167</b>	<b>111.208.731</b>	<b>8.122.453</b>
10. Trade Payables	543.757.489	88.784.375	2.460.010	315.439.953	53.745.575	5.423.002
11. Financial Liabilities	180.146.347	30.326.647	-	160.494.016	30.490.145	14.667
12a. Other Monetary Liabilities	37.752.280	6.213.145	127.050	45.391.054	8.084.458	474.375
12b. Other Non- Monetary Liabilities	30.231.800	5.003.037	77.099	6.638.129	1.136.213	109.593
<b>13. Total Short-Term Liabilities (10+11+12)</b>	<b>791.887.916</b>	<b>130.327.204</b>	<b>2.664.159</b>	<b>527.963.152</b>	<b>93.456.391</b>	<b>6.021.637</b>
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	50.068	8.429	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
<b>17. Total Long-Term Liabilities (14+15+16)</b>	<b>50.068</b>	<b>8.429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>791.937.984</b>	<b>130.335.633</b>	<b>2.664.159</b>	<b>527.963.152</b>	<b>93.456.391</b>	<b>6.021.637</b>
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	253.860.240	42.664.937	63.450	57.256.226	10.197.572	598.510
19a. Total Asset Amount of Hedged	253.860.240	42.664.937	63.450	57.256.226	10.197.572	598.510
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>246.427.486</b>	<b>40.068.581</b>	<b>1.264.864</b>	<b>163.313.241</b>	<b>27.949.912</b>	<b>2.699.326</b>
<b>21. Monetary Items Net Foreign Exchange Assets / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>(22.394.153)</b>	<b>(4.867.558)</b>	<b>980.380</b>	<b>59.946.390</b>	<b>9.575.360</b>	<b>1.587.819</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23. Currency Hedged Portion Amount of Assets	252.400.428	42.664.937	63.450	62.409.434	10.197.572	598.510
24. Currency Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	28.358.073	-	-	81.674.843	-	-
26. Import	744.962.479	-	-	462.285.449	-	-



**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

c2 ) *Credit Risk and Management:*

**CREDIT RISK EXPOSURE RELATED TO FINANCIAL INSTRUMENTS**

CURRENT PERIOD	Related Parties	Other	Related Parties	Other	Notes	and Repo	Notes
Maximum credit risk exposure as of balance sheet date (A+B+C+D)	2.909.722	1.350.865.812	31.424	847.517		276.784.297	
- Collateralized or secured with guarantees part of maximum credit risk	-	715.578.504	-	-			
A. Book value of restructured otherwise accepted as past overdue and impaired financial assets	2.909.722	1.349.562.997	31.424	847.517	10-11	276.784.297	6
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	1.302.815					-
- Guaranteed amount by commitment		-			10-11		- 6
C. Impaired asset net book value	-	-	-	-			-
- Past due (gross amount)	-	21.981.880	-	-	10-11		- 6
- Impairment (-)		(21.981.880)			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**

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 overdue 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							





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Amounts are expressed in Turkish Lira unless otherwise stated.)

Current Period (31 December 2019 )	Receivables	
	Trade Receivables	Other Receivables
1-30 days past overdue	2.025.082	-
1-3 month past overdue	1.272.571	-
More than 3 month past overdue	501.248	-
Part secured with collateral, etc.	2.496.086	-

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

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 restructuring 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, takes 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.

The Group's sales have been spread across Turkey and it reduces the risk of condensation.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

Trade receivables are evaluated by taking into consideration the Group policies and procedures and accordingly, net of doubtful receivables are presented in the balance sheet after provisions are made. (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	Interest Position Statement	
		Current Period	Previous Period
Fixed Interest Financial Instruments			
Financial Assets		215.113.823	415.036.781
Financial Liabilities		451.202.237	289.868.550
Variable Interest Rate 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 2019, the profit before tax would be higher than TL 2.360.884. (December 31, 2018: TL 1.251.682 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 2019**

Contract Maturities	Book Value	Cash Outflows Total As Per Contract	Shorter than 3 months	Between 3-12 months	Between 1-5 months	More than 5 years
<b>Non Derivative Financial Liabilities</b>	<b>1.640.448.042</b>	<b>1.656.238.220</b>	<b>1.555.658.076</b>	<b>84.801.847</b>	<b>15.778.297</b>	<b>-</b>
Bank Loans	434.848.370	441.016.825	361.122.188	79.894.636	-	-
Financial Leasing Liabilities	16.353.867	22.466.613	1.781.106	4.907.211	15.778.297	-
Trade Payables	1.182.957.676	1.186.466.653	1.186.466.653	-	-	-
Other Payables	6.288.129	6.288.129	6.288.129	-	-	-
Other	-	-	-	-	-	-





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

Contract Maturities	Book Value	Cash Outflows Total As Per Contract	Shorter than 3 months	Between 3- 12 months	Between 1- 5 months	More than 5 years
<b>Derivative Financial Assets / Liabilities</b>	<b>1.459.812</b>	<b>(416.379)</b>	<b>(316.008)</b>	<b>(100.371)</b>	-	-
<i>Derivative Cash Inflows</i>	253.860.240	253.860.240	247.733.399	6.126.842	-	-
<i>Derivative Cash Outflows</i>	(252.400.428)	(254.276.619)	(248.049.407)	(6.227.212)	-	-

(\*) Forward transactions amount to 42.664.937 USD and 63.450 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 December 31 2019 rate. Actual profit and loss will be determined on the date of maturity.

**31 December 2018**

Contract Maturities	Book Value	Cash Outflows Total As Per Contract	Shorter than 3 months	Between 3-12 months	Between 1-5 months	More than 5 years
<b>Non Derivative Financial Liabilities</b>	<b>955.334.043</b>	<b>979.789.751</b>	<b>932.937.290</b>	<b>40.301.123</b>	<b>6.551.338</b>	-
<i>Bank Loans</i>	289.775.435	308.006.298	261.153.837	40.301.123	6.551.338	-
<i>Financial Leasing Liabilities</i>	93.115	93.345	93.345	-	-	-
<i>Trade Payables</i>	649.678.353	655.902.968	655.902.968	-	-	-
<i>Other Payables</i>	15.787.140	15.787.140	15.787.140	-	-	-
<i>Other</i>	-	-	-	-	-	-

Contract Maturities	Book Value	Cash Outflows Total As Per Contract	Shorter than 3 months	Between 3- 12 months	Between 1-5 months	More than 5 years
<b>Derivative Financial Assets / Liabilities</b>	<b>(5.153.208)</b>	<b>(6.261.094)</b>	<b>(6.239.596)</b>	<b>(21.498)</b>	-	-
<i>Derivative Cash Inflows</i>	57.256.226	57.256.226	56.958.985	297.241	-	-
<i>Derivative Cash Outflows</i>	(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 December 31, 2018 rate. 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 exchange 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 Group could realize in a current market exchange.

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

#### **Monetary Assets**

Foreign exchange 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.

#### **Monetary 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 exchanges translated at year-end exchange rates are considered to approximate their respective carrying values.

As of December 31, 2019 and December 31, 2018, 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.





**İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(Amounts are expressed in Turkish Lira unless otherwise stated.)*

---

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**

Our Company (İndeks Bilgisayar A.Ş.) bought the remaining 50% share of Neteks İletişim Ürünleri Dağıtım A.Ş., which is our 50% subsidiary, on February 28, 2020, in exchange for USD 500,000, in advance, from Westcon Group European Operation Limited Company. Our share in Neteks İletişim Ürünleri Dağıtım A.Ş. reached 100% after the acquisition.

Our Company (İndeks Bilgisayar A.Ş.) bought the remaining 50% share of Neteks Teknoloji Ürünleri A.Ş., which is our 50% subsidiary, on February 28, 2020, in exchange for USD 1,500,000, in advance, from Westcon Group European Operation Limited Company. Our share in Neteks Teknoloji Ürünleri A.Ş. reached 100% after the acquisition.

**NOTE 41 THE OTHER ISSUES WHICH SUBSTANTIALLY AFFECT THE FINANCIAL STATEMENTS**

None.

