Datagate Bilgisayar Malzemeleri
Ticaret Anonim Şirketi

Consolidated Financial Statements
As of And For The Year Ended December 31, 2016
Together With Independent Auditors' Report

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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MGI Bağımsız Denetim A.Ş.
Polaris Plaza Ahi Evran Caddesi No:21 K:5 34398 Maslak-İstanbul
Tel: +90 212 346 44 26 Fax: +90 212 346 44 28
Web: www.mgi.com.tr E-mail: info@mgi.com.tr
Ticaret Sicil No: 456 551

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors of Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi ;

Introduction

1) We have audited the accompanying consolidated statement of financial position of **Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi** (the Company) and its Subsidiaries (together will be referred to as the "Group") as at December 31, 2016 and the related consolidated statement of profit or loss and consolidated statement of other comprehensive income,consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Group Management 's Responsibility for the Financial Statements

2) Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent Auditor's Responsibility

3) Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

4) Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration Our purpose, however, is not to express an opinion on the effectiveness of internal control system but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Group and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management as well as evaluating the overall presentation of the financial statements.

5) We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion

T.C.
BAĞIMSIZ DENETÇİ

MGI Bağımsız Denetim A.Ş.
Polaris Plaza Ahi Evran Caddesi No:21 K:5 34398 Maslak-İstanbul
Tel: +90 212 346 44 26 Fax: +90 212 346 44 28
Web: www.mgi.com.tr E-mail: info@mgi.com.tr
Ticaret Sicil No: 456 551

Opinion

6) In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi** and its Subsidiaries as at December 31, 2016 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

7) Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 398 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on February 14, 2017.

8) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2016 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

9) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

MGI BAĞIMSIZ DENETİM S.M.M.M. A.Ş.
A Member of MGI WORLDWIDE

T.C.
BAĞIMSIZ DENETÇİ

Gamze Türkin AKSU
Principal Auditor in Charge
(İstanbul, February 14, 2017)

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) (TL)	Notes	*Audited* *Current Period* December 31,2016	*Audited* *Previous Period* December 31,2015
ASSETS			
Current Assets		**293.822.238**	**361.808.963**
Cash and Cash Equivalents	6	44.071.844	39.296.245
Trade Receivables	10	215.148.062	271.911.298
- Receivables from Related Parties	*10-37*	*346.868*	*1.087.558*
- Trade Receivables Due From Unrelated Parties	*10*	*214.801.194*	*270.823.740*
Other Receivables	11	71.028	24.308
- Other Receivables Due From Unrelated Parties	*11*	*71.028*	*24.308*
Derivative Financial Instruments	12	-	12.967
Inventories	13	31.482.171	45.923.415
Prepaid Expenses	15	2.370.046	1.954.014
Other Current Assets	26	679.087	2.686.716
Non-Current Assets		**13.564.367**	**75.418.584**
Trade Receivables	10	1.770.872	67.085.142
- Trade Receivables Due From Unrelated Parties	*10*	*1.770.872*	*67.085.142*
Property, Plant and Equipment	18	178.421	78.550
Intangible Assets	19	486.848	161.449
- Other Intangible Assets	*19*	*486.848*	*161.449*
Deferred Tax Asset	35	11.128.226	8.093.443
TOTAL ASSETS		**307.386.605**	**437.227.547**

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

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STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) (TL)		*Audited*	*Audited*
	Notes	*Current Period* December31, 2016	*Previous Period* December 31, 2015
LIABILITIES			
Short-Term Liabilities		**231.261.454**	**308.594.825**
Short-Term Financial Liabilities	8	-	4.040
Short-term Portion of Long-Term Financial Liabilities	8	74.988.612	196.577.011
Trade Payables	10	139.520.790	91.971.253
-Trade Payables to Related Parties	*10-37*	*290.115*	*353.741*
-Trade Payables to Unrelated Parties	*10*	*139.230.675*	*91.617.512*
Employee Benefit Obligations	20	100.211	50.744
Other Payables	11	2.838.289	2.334.720
-Other Payables to Unrelated parties	*11*	*2.838.289*	*2.334.720*
Derivative Financial Instruments	12	-	-
Deferred Income	15	3.046.439	8.280.385
Profit Tax Liabilities	35	3.330.984	2.782.812
Provisions	22	7.436.129	6.593.860
- Other Current Provisions	*22*	*7.436.129*	*6.593.860*
Long-Term Liabilities		**1.818.194**	**67.130.812**
Long-Term Payables	8	1.770.872	67.085.140
Provisions for Employee Benefits	24	47.322	45.672
Shareholders' Equity	27	**74.306.957**	**61.501.910**
Parent Company Shareholders' Equity	27	**74.306.957**	**61.501.910**
Paid-in Capital		30.000.000	10.000.000
Inflation Adjustment of Shareholders' Equity		1.241.463	1.241.463
Share Buyback (-)		(277.304)	-
Shares Related Discounts / Premiums		3.229.361	3.229.361
Other Comprehensive income/expense not to be reclassified to profit or loss		42.262	34.943
- Revaluation and gain/loss arising from Measurement		*42.262*	*34.943*
Other Comprehensive income/expense to be, reclassified to profit or loss		1.970.435	1.973.382
- Foreign Currency Translation Differences		*1.970.435*	*1.973.382*
Restricted Profit Reserves		3.802.795	2.960.093
Retained Earning		16.219.963	19.914.198
Net Profit/Loss		18.077.982	22.148.470
Non-Controlling Interests		-	-
TOTAL ASSETS		**307.386.605**	**437.227.547**

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

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

	Notes	*Audited* *Current Period* January 1,2016 December 31, 2016	*Audited* *Previous Period* January 1,2015 December 31, 2015
STATEMENT OF PROFIT OR LOSS			
Revenue	28	1.214.420.509	1.077.380.498
Cost of Sales (-)	28	(1.179.815.036)	(1.040.009.690)
GROSS PROFIT (LOSS) FROM TRADE OPERATION		**34.605.473**	**37.370.808**
GROSS PROFIT		**34.605.473**	**37.370.808**
General Administrative Expenses (-)	29	(6.389.871)	(6.063.269)
Marketing, Sales and Distribution (-)	29	(4.995.482)	(4.615.348)
Other Operating Income	31	11.313.775	14.600.961
Other Operating Expenses (-)	31	(14.965.194)	(15.988.441)
OPERATION PROFIT / (LOSS)		**19.568.701**	**25.304.711**
Income from Investment Activities	32	85.961	-
Loss from Investment Activities (-)	32	-	-
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		**19.654.662**	**25.304.711**
Financial Income	33	4.113.400	3.638.967
Financial Expense (-)	33	(1.156.533)	(1.219.530)
CONTINUED OPERATIONS PROFIT / (LOSS) BEFORE TAX		**22.611.529**	**27.724.148**
Continued Operations Tax Profit / (Loss)		**(4.533.547)**	**(5.575.678)**
- Current Period Tax Income /(Expense)	35	(7.570.160)	(11.260.056)
- Deferred Tax Income / (Expense)	35	3.036.613	5.684.378
PROFIT(LOSS) FROM CONTINUING OPERATIONS		**18.077.982**	**22.148.470**
Net Profit(Loss)		**18.077.982**	**22.148.470**
Distribution of Profit / Loss		**18.077.982**	**22.148.470**
Non-Controlling Interest		-	-
Parent Company Shares		18.077.982	22.148.470
Net Earnig Per Share(*)	36	0,60259940	0,73828233
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods		**7.319**	**(10.211)**
Actuarial gain and loss arising from defined benefit plans	27	9.149	(12.764)
Items not to be reclassified to profit or loss in subsequent periods related Tax		(1.830)	2.553
- Deferred Tax Income/(Expense)		(1.830)	2.553
Items to be reclassified to profit or loss in subsequent periods	**27**	**(2.947)**	**(28.150)**
Foreign Currency Translation Differences		(2.947)	(28.150)
Hedging Fund	27	-	-
OTHER COMPREHENSIVE INCOME		**4.372**	**(38.361)**
TOTAL COMPREHENSIVE INCOME/EXPENSES		**18.082.354**	**22.110.109**
Distribution of Total Comprehensive Income/Expenses		**18.082.354**	**22.110.109**
Non-Controlling Interest		-	-
Parent Company Shares		18.082.354	22.110.109

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

(*) In accordance with the Turkish Accounting Standard ("TAS") numbered 33 "Earning Per Share" paragraph numbered 64 Retrospective Adjustments, amount of calculated earnings per share was adjusted retrospectively by the Group due to capital increase through bonus issues.

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CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2016

CASH FLOW STATEMENT (TL)

	Notes	*Audited* *Current Period* 01.01.2016-31.12.2016	*Audited* *Previous Period* 01.01.2015-31.12.2015
A. CASH FLOW PROVIDED FROM OPERATIONS		**198.755.167**	**(166.930.621)**
Net Profit / (Loss)		18.077.982	22.148.470
Adjustments:		**(9.683.633)**	**23.849.509**
Depreciation and Amortization	18-19	149.900	59.366
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**(53.117)**	**166.733**
Adjustments for Provision (Reversal of Provision) of Receivables	10	(11.971)	75.037
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	13	(41.146)	91.696
Adjustments for Provisions		**893.373**	**2.998.117**
Adjustments for (Reversal of) Provisions Related with Employee Benefits	24	51.104	20.749
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	22	49.456	32.721
Adjustments for (Reversal of) Other Provisions	22	792.813	2.944.647
Adjustments for Interest (Income) Expenses		**(17.214.965)**	**13.679.234**
Adjustments for Interest Income	31-33	(10.687.178)	12.142.477
Adjustments for Interest Expense	31-33	11.253.428	(11.402.260)
Deferred Financial Expense from Credit Purchases	10	(245.718)	(346.981)
Unearned Financial Income from Credit Sales	10	(17.535.497)	13.285.998
Adjustments for Tax (Income) Expenses	35	**4.533.547**	**5.575.678**
Other adjustments to reconcile profit (loss)	26	**2.007.629**	**1.370.381**
Changes in Working Capital		**202.359.468**	**(204.869.888)**
Adjustments for Decrease (Increase) in Trade Accounts Receivable	10	139.624.974	(195.376.629)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations	11	(46.720)	261.210
Adjustments for Decrease (increase) in Inventories	13	14.482.390	(16.712.390)
Adjustments for Increase (decrease) in Trade Accounts Payable	10	47.795.255	4.656.809
Adjustments for Increase (decrease) in Other Operating Payables	11	503.569	2.301.112
Cash Flows From (Used in) Operations		**210.753.817**	**(158.871.909)**
Employee Termination Benefit Paid	24	(40.305)	(7.889)
Income taxes refund (paid)	35	(7.021.988)	(12.245.495)
Other inflows (outflows) of cash		(4.936.357)	4.194.672
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(491.301)**	**(211.561)**
Cash Provided from Sales of Tangible and Intangible Assets	18-19	**85.961**	-
Proceeds from sales of property, plant and equipment		85.961	-
Proceeds from sales of intangible assets		-	-
Cash Outflow from Acquisitions of Tangible and İntangibel Assets		(577.262)	(211.561)
Purchase of Property, Plant and Equipment	18-19	(577.262)	(211.561)
Purchase of Intangible Assets		-	-
Cash Outflows from Acquition of Investments Property(-)	17	-	-
C. CASH FLOW FROM FINANCIAL ACTIVITIES		**(193.493.626)**	**176.763.607**
Proceeds from Borrowings	8	**(186.906.707)**	**177.503.824**
Proceeds from Loans	8	(186.906.707)	177.503.824
Dividends Paid		(5.000.003)	-
Interest Paid	32-33	(1.586.916)	(740.217)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**4.770.240**	**9.621.425**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**4.770.240**	**9.621.425**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	39.289.307	29.667.882
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	44.059.547	39.289.307

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2016

CHANGES IN SHAREHOLDER'S EQUİTY STATEMENT(TL)					Other Comprehensive Income/(Expense) not to be Reclassified to Profit or Loss		Other Comprehensive Income/(Expense) not to be Reclassified to Profit or Loss			Accumulated Profit			
Audited	Notes	Paid-in Capital	Share Buyback	Share Premiums/ Discounts	Revaluation and Gain/Loss Arising from Measurement	Other Gain/Loss	Foreign Currency Translation Differences	Hedge Funds	Capital Translation Differences	Restricted Reserves	Retained Earnings/Loss	Net Current Year Profit/Loss	Shareholder's Equity
JANUARY 1 ,2016	**Note-27**	**10.000.000**	**-**	**3.229.361**	**34.943**	**-**	**1.973.382**	**-**	**1.241.463**	**2.960.093**	**19.914.198**	**22.148.470**	**61.501.910**
Transfers		-	-	-	-	-	-	-	-	842.702	21.305.768	(22.148.470)	-
Total Comprehensive Income		**20.000.000**	**(277.304)**	-	**7.319**	-	**(2.947)**	-	-	-	**(25.000.003)**	**18.077.982**	**12.805.047**
Net Current Period Profit		-	-	-	-	-	-	-	-	-	-	18.077.982	18.077.982
Other Comprehensive Income (Expense)		-	-	-	7.319	-	(2.947)	-	-	-	-	-	4.372
Issue of equity		20.000.000	-	-	-	-	-	-	-	-	(20.000.000)	-	-
Dividend Payments		-	-	-	-	-	-	-	-	-	(5.000.003)	-	**(5.000.003)**
Increase (decrease) through treasury share transactions, equity		-	(277.304)	-	-	-	-	-	-	-	-	-	(277.304)
December 31, 2016	**Note-27**	**30.000.000**	**(277.304)**	**3.229.361**	**42.262**	**-**	**1.970.435**	**-**	**1.241.463**	**3.802.795**	**16.219.963**	**18.077.982**	**74.306.957**
Audited													
JANUARY 1 ,2015	**Note-27**	**10.000.000**	**-**	**3.229.361**	**45.154**	**-**	**2.001.532**	**-**	**1.241.463**	**2.069.083**	**12.316.092**	**8.489.116**	**39.391.801**
Transfers		-	-	-	-	-	-	-	-	891.010	7.598.106	(8.489.116)	-
Total Comprehensive Income		-	-	-	**(10.211)**	-	**(28.150)**	-	-	-	-	**22.148.470**	**22.110.109**
Net Current Period Profit		-	-	-	-	-	-	-	-	-	-	22.148.470	22.148.470
Other Comprehensive Income (Expense)		-	-	-	(10.211)	-	(28.150)	-	-	-	-	-	(38.361)
Issue of equity		-	-	-	-	-	-	-	-	-	-	-	-
Dividend Payments		-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) through share-based payment transactions, equity		-	-	-	-	-	-	-	-	-	-	-	-
December 31, 2015	**Note-27**	**10.000.000**	**-**	**3.229.361**	**34.943**	**-**	**1.973.382**	**-**	**1.241.463**	**2.960.093**	**19.914.198**	**22.148.470**	**61.501.910**

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

1 ORGANIZATION AND BUSINESS SEGMENT

Datagate Bilgisayar Malzemeleri Anonim Şirketi ("Company") was founded in 1992, and the main activities of the Company consist of sectors of information technologies. Company supplies and sells to Türk Telekom Group (Hereafter, Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş. will be referred as Türk Telekom Group) mobile phones, mobile devices, accessories, Türk Telekomünikasyon A.Ş. (Avea) GSM lines, top up, products branded Türk Telekom Group and computer products to dealers which are authorized by Türk Telekom Group.

The main shareholders of the company as of December 31, 2016 and December 31, 2015 are İndeks Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. % 59,24 (Non-Public shares % 51,74 and Public Shares % 7,5) , Tayfun Ateş % 5,00 , Public Shares % 35,75 and other % 0,01.

As of December 31, 2016 and December 31, 2015, details regarding to Company's subsidiary, which is subject to consolidation, is as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Datagate International FZE	Purchasing and selling of computer equipments and telecommunication products.	150.000 BAE Dirham	100	100

Hereafter, the Company and the subsidiary will be referred as ('The Group') in the consolidated financial statements and notes to the financial statements.

The average number of employees as of December 31, 2016 is 31. (December 31, 2015:34). All of the employees of the Group are white-collared.

The Company's official address registered in Trade Registry is Merkez Mahallesi Erseven Sokak No:8/2 Kağıthane/İstanbul . Company headquarters is in İstanbul.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basic Principles for the Presentation

The Group in Turkey maintain their books of account and prapare their statutory financial statements in TL in accordance with the Turkish Commercial Code,Tax Legislation,The uniform Chart of Accounts issued by Ministry of Finance.The accompanying financial statements are prepared in accordance with Capital Market Board's Communique "Priciples of Financial Reporting in Capital Markets"("Communique") which was published in the Official Gazette dated June 13,2013 and numbered 28676 Series: II,No.14.1.According to Article 5 of the Communique,The Group is applied in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and its addendum and interpretations issued by Public Oversight Accounting And Auditing Standards Authority ("POA") The Group's financial position and operation results are indicated in the Group's functional currency, Turkish Lira.Comparative figures are reclassified,where necessary,to conform to changes in the presantation of the financial statements which are prepared in accordance with "Turkish Account Standards" issued by POA.

As of February 14, 2017 the consolidated financial statements were approved and signed by its Board of Directors for the period January 1- December 31, 2016. General Assembly has a right to change financial statements.

Evaluation of Foreign Currency Transactions in Functional Currency

The Group determined its functional currency as USD in accordance with International Accounting Standards ("IAS") 21 "'The Effects of Changes in Foreign Exchange Rates", due to the fact that the significant part of sales and purchases are USD based until June 30,2014.The company has decided to determine its functional currency as TL beginning from July 01,2014 due to the fact that TL is used significant part of sales and purchases.Functional currency is USD of Datagate International Free Zone which is subject to consolidation.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

According to the decision dated March 17, 2005 with No:11/367 made by the CMB, the inflation accounting is no longer effective for the periods after January 1, 2005 for the companies that are operating in Turkey and preparing financial statements in accordance with CMB standards. Therefore, practise of International Accounting Standards 29 "Financial Reporting on Hyper-Inflationist Economies" ended after January 01, 2005.

2.03 Consolidation Principles

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

Statement of financial position and Statement of profit or loss of the subsidiaries are consolidated according to "full consolidation method" and book value and capital of the Group's subsidiary are adjusted accordingly. Transactions and balances between the Company and Subsidiaries are eliminated during consolidation.

Minority interests show minority shareholders' share in the subsidiaries' assets and result of operations for the related period. These details are to be expressed separately in consolidated Statement of financial position and Statement of profit or loss. If losses related to minority interest are over benefits from shares of a subsidiary and if there is no bounding liability to the minorities, in general, these losses related with the minorities result against to benefits of the minorities.

There is not any company or under controlled company which affect significantly on Group's financial and operating policies.

The current shares in the subsidiaries as of December 31, 2016 and December 31, 2015 are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Datagate International FZE	Purchasing and selling of computer equipments and telecommunication products.	150.000 BAE Dirham	100	100

A new company was established in United Arab Emirates in 2012 with the title Datagate International FZE a capital in the amount of UAE Dirham 150.000 and the Company participated in Datagate International FZE by 100 % during its establishment and accordingly this new company was included in consolidation scope and there was not any goodwill calculated relating to this transaction.

Statements of financial position and statements of profit or loss of the subsidiary are consolidated according to "full consolidation method" and "partial consolidation method", and book value and capital of the Company's subsidiary are adjusted accordingly. Transactions and balances between the Company and subsidiary are eliminated during consolidation.

2.04 Comparative Information and Adjustment of the Previous Consolidated Financial

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance.In the current year, the Group has made several reclassifications in the prior year consolidated financial statements in order to maintain consistency, with current year consolidated financial statements.

2.05 Offsetting

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

2.06 Changes in Accounting Policies

The changes to the current accounting policies can be performed if it is necessary or the changes will provide more appropriate and reliable presentation of the transactions and events related to the financial position, performance and the cash flow of the Group that affect the financial statements of the Group. If the changes in accounting policies affects the prior periods, policy is applied to the prior period financial statements as if it is applied before. There are not any changes in the accounting policies of the Group in the current period.

2.07 Changes in Accounting Estimates and Errors

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

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

IAS 21 Effects of Changes in Foreign Exchange Rates defines the functional currency as the currency of the primary economic environment in which the entity operates. The economic environment is in general the environment in which the company creates and spends cash. The functional currency is determined by the company management considering the currency which effects the good and services sales at most, the currency in which the salaries and similar expenses are paid, the currency of cash provided by financing activities and any changes in these factors in the future. The company management reviews the accounting estimates and policies applied at each statement of financial position date.

Significant Accounting Considerations, Predictions and Assumptions

During the preparation of the financial statements, the Group management has to make assumptions and predictions, which would indicate the possible liabilities, commitments as of the statement of financial position date as well as amounts of income and expense as of the reporting date. The realized results may differ from the estimates. Estimations are reviewed regularly and any corrections made to those estimates is corrected in the current period and reflected on the statement of profit or loss in the period which is occurred.

The Comments, which may have significant affects for the amounts reflected on the financial statements and the assumptions made that are existed as of statement of financial position date or may occur at future are as below:

- Termination Indemnity Liability is determined using the actuarial valuations (discount rates, salary increases for the future periods and estimated probability of retirement rates) **(Note 24)**

- Tangible assets are depreciated using the straight-line method over their economic lives. The estimated useful life and amortization are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Company has no change in estimate of calculation of depreciation and amortization **(Note: 18-19)**

- The Company makes provision for receivables which have uncertainty (doubt) about collection whether to sue or not. The Company is taken guarantees from companies to intend to prevent the receivables might be doubted.**(Note:10)**

- Inventories are stated either at the lower of acquisition cost or net realizable value in the financial statements. Technological ageing is used to calculate the Group's inventory impairment **(Note:13)**

Acquired premiums which are determined proportion in accordance with sales and purchases from companies that are distributed by the company.**(Note:26)**

2.08 Summary of Significant Accounting Policies

2.08.01 Revenue

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Group's income mainly consists of sales of Mobile devices, Top upset card and Information technologies. All the sales are operated via dealers and there are not any direct sales to end customers. Net sales are calculated by deducting sales return and sales discounts from total sales.

Revenue related to the sale of goods, is recorded to the financial statements when all the followings are applied:

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

The great majority of purchases of Company are made directly from the producing company. Differences may occur in price are absorbed by producer firms, price competition is provided.On the other hand ,losses relating to products containing manufacturing defects is paid to the company by the producing company.Additionally,exceptional price is getting from manufacturers to dealers for majority of purchasing in Private and Public Sectors and quotations are made for firms which in these sectors in a suitable conditions .In accordance with changes in dynamics of IT sector,group gets support directly from producing company about new product and technologies.

If the producing company's marketing strategy demands to sell in lower price the products waiting in the inventories,producing company makes payment under the name of hedging inventory.Received these payments are deducted from the inventory cost .On the other hand,taken turnover premiums depend on selling are added to selling price and recorded as revenue.

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

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

2.08.02 Inventories

Inventories are stated either at the lower of acquisition cost or net realizable value. The inventories of the Group consist of mobile devices, top up, Sim card and information technologies. The inventory cost methods used by the Group is "First in First out (FIFO)". Net realizable value is calculated by subtracting sales expenses from the sales price of the related product.
Furthermore, Company makes provisions for impairment of net realizable value by account after balance sheet period for value falling trade goods. **(Not:13)**

2.08.03 Property, Plant and Equipment

The Property, Plant and Equipment acquired after January 01, 2005 are carried at historical cost, which is calculated by deducting the accumulated depreciation from their cost basis. For assets that were acquired before January 01, 2005, the Property, Plant and Equipment are presented on the financial statement at indexed historical cost for inflation effects as at December 31, 2004. Tangible assets are depreciated using the straight-line method over their useful lives.

The following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation:

	Useful Lives (year)
- Machinery, Plant, and Equipment	5
- Furniture and Fixtures	4-5
- Motor Vehicles	2-5
- Leasehold Improvements	5

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Property, Plant and Equipment are rewieved in terms of impairment for each statement of financial position period. If the carrying value of a tangible fixed asset is more than its expected net realizable value, then the carrying value is reduced to its net realizable value by making the necessary provisions. There is no provision for decrease in value of tangible fixed assets.

The profit and loss arisen from fixed asset sales are determined by comparing the net book value with the sales price and the difference is recorded as operating profit or loss.

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

2.08.04 Intangible Assets

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

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

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

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

2.08.05 Impairment of Assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment.

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

2.08.06 Research and Development Expenses

None.

2.08.07 Borrowings Costs

The borrowing costs are recognized as expense when they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The capitalization of borrowing costs as part of the cost of a qualifying asset shall commence when expenditures for the asset are being incurred, borrowing costs are being incurred; and activities that are necessary to prepare the asset for its intended use or sale are in progress. Expenditures on a qualifying asset include only those expenditures that have resulted in payments of cash, transfers of other assets or the assumption of interest-bearing liabilities. The Group did not capitalize any borrowing costs as of year end.

2.08.08 *Financial Instruments*

(i) Financial Assets

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

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

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Prevailing Interest Method;

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

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

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

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

b) Financial Assets Which Will Be Held to the Maturity

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

c) Financial Assets Available-For-Sale

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

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

d) Loans and Receivables

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

Impairment of financial assets

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

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

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

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

Cash and Cash Equivalents

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

(ii) Financial Liabilities

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

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

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

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

b) Other Financial Liabilities

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

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

iii) Derivative Financial Instruments

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

The difference between the fair value as of December 31, 2016 , December 31, 2015 and the cost value of the forward contracts as of recognized under the shareholders' equity within the scope of "IAS 39 Hedging Accounting."

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

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

2.8.09 Effects of Currency Fluctuations

All transactions, denominated in foreign currencies, are converted into TL by the exchange rate ruling at the transaction date. All foreign currency denominated monetary assets and liabilities stated at the statement of financial position are converted into TL by the exchange rate ruling at the statement of financial position date. Foreign exchange gains and/or losses as a result of the conversions are recorded in the statement of profit or loss.The Group ordinarily sales and buys goods similar exchange types.Therefore have no substantial currency risks.

2.08.10 Earnings per Share

Earnings per share in the statement of profit or loss are calculated by dividing net income by the weighted average number of common shares outstanding for the period.

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

2.08.11 Subsequent Events

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

2.08.12 Provisions, Contingent Liabilities & Assets

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

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

2.08.13 Leasing Operations

The Group as Lessee

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

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

Operating Leases
Lease agreements in which the lessor retains all the risks and benefits relating to the good are described as operational leasing. Lease payments made for an operational leasing are recorded as expense according to normal method throughout the lease term. Lease agreements are related to office, storage and motor vehicles leasing in İstanbul, Ankara, İzmir and Diyarbakır. Annual Rent payment during lease period is recognized on a straight-line basis as expense.

The Group as Lessor

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

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2.08.14 Related Party Disclosures

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

2.08.15 Government Grants and Assistance

None.

2.08.16 Investment Property

There is no investment property of Group as of December 31, 2016 and December 31, 2015.

2.08.17 Taxation and Deferred Tax

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

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in the statement of profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in the equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Taxes on financial statements contain changes in current period taxes and deferred tax. Group calculates current period tax and deferred tax based on period results.

Offsetting in Taxation

Corporate tax payable is offset with prepaid corporate taxes. Deferred tax assets and liabilities are also offset.

2.08.18 Retirement Pay

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

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

22.08.19 Cash Flow Statement

Cash and cash equivalents are stated at their fair values in the statement of financial position. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments.

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

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

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

2.08.20. Income Accruals

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

2.08.21 Provisions for Warranty

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

2.09 New and Revised International Financial Reporting Standards

i) Summary of the new standards, amendments, interpretations and resolutions which are effective as at January 1, 2016;

IAS 1 "Presentation of Financial Statements"(Amendment): Those amendments include narrow-focus improvements in the following five areas: Materiality, disaggregation, and subtotals, notes structure, the disclosure of accounting policies, presentation of items of other comprehensive income arising from equity accounted investments. The amendments will be applied prospectively.

IAS 27 "Separate Financial Statements" (Amendment): The amendment address the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either; at cost, in accordance with IFRS 9 (or IAS 39) or using the equity method the entity must apply the same accounting for each category of investments. The amendments will be applied prospectively.

TAS 16 "Property, Plant and Equipment" and TAS 38 "Intangible Assets" (Amendment) : The amendments , have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. The amendments will be applied prospectively.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture: Bearer Plants (Amendments) TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the "cost model" or "revaluation model" should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. The amendments will be applied prospectively.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments) Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognized only to the extent of unrelated investors' interests in that former subsidiary. The amendments will be applied prospectively on January 1, 2016 and next periods. Effective date was delayed indefinitely by IACB on December 15, 2015.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10 and TAS 28) Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments will be applied retrospectively.

TFRS 11 "Accounting for Acquisition of Interests in Joint Operations" (Amendment): The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments will be applied prospectively.

IFRS 14 "Regulatory Deferral Accounts": The standard permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances The amendments will be applied prospectively.

Annual Improvements to TAS/TFRS

In September 2014, Public Oversight Authority (POA) has been improved and updated the below amendments to the standards in relation to "Annual Improvements – 2012-2014 Cycle".

Annual Improvements 2012-2014 Cycle

TAS 19 Employee Benefits (Amendment) The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. That amendment clarifies that market depth of high-quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendments will be applied prospectively.

TAS 34 Interim Financial Reporting (Amendment) which clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included in the interim financial report. The amendments will be applied retrospectively.

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendment) which clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan. The amendments will be applied prospectively.

TFRS 7 Financial Instruments: Disclosures (Amendment) which clarifies that a) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with TFRS 7; b) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendments will be applied retrospectively.

ii) The new standard, Amendments, and interpretations that are not effective or an early adoption is not used by the Group as of December 31, 2016, are as follows:

IFRS 9 "Financial Instruments" Final standard (2014): The IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

IFRS 15 "Revenue from Contracts with Customers" : In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required.

iii) Summary of the new standards, amendments, and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA:

The following standards, interpretations, and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the consolidated financial statements. However, these standards, interpretations, and amendments to existing IFRS standards are not yet adopted/issued by the POA, thus they do not constitute part of TFRS.

IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (Amendments): In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

IAS 7 'Statement of Cash Flows (Amendments): In January 2016, the IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve the information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after 1 January 2017 with earlier application permitted. It is not applied as retroactive applications. Earlier application is permitted.

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IAS 12 Income Taxes (Amendments): Recognition of Deferred Tax Assets for Unrealized Losses (Amendments) In January 2016, the IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value The amendments clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2017 with earlier application permitted.

IFRS 16 Leases: In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments) The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and vesting-non-vesting modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRS 4 "Insurance contracts" (Amendments): Regarding the Implementation of IFRS 9 'Financial Instruements', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39. These amendments are to be retrospectively applied with earlier application permitted.

IAS 40 "Investment Property" (Amendments): The IASB issued amendments to IAS 40 "Investment Property ". The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (Interpretation): The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted..

Annual Improvements to IFRSs - 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

IFRS 1 "First-time Adoption of International Financial Reporting Standards"(Amendment): This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

IFRS 12 "Disclosure of Interests in Other Entities" (Amendment): This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.

IAS 28 "Investments in Associates and Joint Ventures" (Amendment): This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

Annual Improvements to IFRSs

Annual Improvements to IFRSs - 2010-2012 Cycle

IFRS 13 "Fair Value Measurement" (Amendment): As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

The Group is in the process of assessing the impact of the interpretation on financial statements of the Group.

3 BUSINESS COMBINATIONS

None.

4 BUSINESS PARTNERSHIPS

There are not any business partnerships.

5 REPORTING FINANCIAL INFORMATION BY SEGMENTS AND GEOGRAPHIC AREAS

The Group has begun to operate in the telecom sector afterwards distributorship agreement with GSM operator Türk Telekomünikasyon A.Ş. since July 16, 2014 for this reason the Group do not need to report financial information by segments and geographic areas.

6 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Cash	30.075	31.721
Bank	5.671.507	4.008.037
- Demand Deposits	*5.671.507*	*4.008.037*
Financial Assets Which Will Be Held to the Maturity (Reverse Repo)	38.212.297	35.155.487
Credit Card Slips	157.965	101.000
Total	**44.071.844**	**39.296.245**

Maturity of the reverse repo is 3 days and TL 12.297 in December 31, 2016 interest accrual has been made.TL Reverse repo is made in TL and the interest rates made TL (6.75 to 8.25%),

Maturity of the reverse repo is 4 days and TL 6.938 in December 31, 2015 interest accrual has been made.TL Reverse repo is made in USD and TL and The interest rates made TL (4,24 to 8.92%), USD (0.72%) are between.

Maturity of credit card slips is 1 or 3 days for the current and prior period.

Cash and cash equivalents of the Group are presented in the statement of cash flows excluding interest income accruals.

Cash and Cash Equivalents	December 31, 2016	December 31, 2015
Amount stated in Statement of Financial Position	44.071.844	39.296.245
Interest income accruals	(12.297)	(6.938)
Amount stated in Cash Flow Statement	**44.059.547**	**39.289.307**

There are no blocked deposits or any restrictions on cash and cash equivalents as of December 31, 2016. (December 31, 2015: None.)

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7 FINANCIAL INVESTMENTS

Group has no short-term and long-term financial investments as of December 31, 2016 and December 31, 2015.

8 SHORT-TERM AND LONG-TERM FINANCIAL LIABILITIES

Short-Term Financial Liabilities as of December 31, 2016 and December 31, 2015 are as follows

Account Name	December 31, 2016	December 31, 2015
Short Term Loans	-	4.040
Short-Term Portion of Long Term Loans	74.988.612	196.577.011
Total	**74.988.612**	**196.581.051**

The details of bank loans are as follows:

December 31, 2016

The Group has no Short-Term Liability as of December 31, 2016.

December 31, 2016

Type	Currency Amount	Amount (TL)	Active Interest rate (%)
Short Term Loans			
Short-Term Portion of Long Term Loans	*74.988.612*	74.988.612	*11,54-16,44*
Total		**74.988.612**	

Long-Term Portion of Short Term Loans are amouting to TL 74.988.612 are used for financing mobile devices which are sold to subscriber within campaign that consist of maturity of 12 month, 24 month and 36 month by the way of dealers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.), all of the loans are issued guarenteed by Türk Telekom Group as of December 31,2016. Device receivables from subscriber to Türk Telekom Group dealers are collected at maturity by Türk Telekom Group.

Receivables amount consist of selling devices are transferred to the financial institutions by using loans.In accordance with transfer, principal and interest payment of loans are paid at maturity by Türk Telekomünikasyon A.Ş.

Company's transferred receivables from group of Türk Telekom are collected and transferred from factoring companies as irrevocably after the October 2015.In accordance with transfer, principal and interest payment of factoring and loans are paid at maturity by group of Türk Telekom.

The details of bank loans are as follows:

December 31, 2015

Type	Currency Amount	Amount (TL)	Active Interest rate (%)
Short Term Loans			
Loans *(TL)*	*4.040*	4.040	*11,32-12,55*
Total		**4.040**	

December 31, 2015

Type	Currency Amount	Amount (TL)	Active Interest rate (%)
Short Term Loans			
Short-Term Portion of Long Term Loans	*196.577.011*	196.577.011	*11,48-16,44*
Total Short-Term Portion of Long Term Loans		**196.577.011**	

Short-term loans are amouting to 4.040 TL and Long-Term Portion of Short Term Loans are amouting to TL 196.577.011 are used for financing mobile devices which are sold to subscriber within campaign that consist of maturity of 12 month, 24 month and 36 month by the way of dealers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş.), all of the loans are issued guarenteed by Türk Telekom Group as of December 31,2015. Device receivables from subscriber to Türk Telekom Group dealers are collected at maturity by Türk Telekom Group.

Receivables amount consist of selling devices are transferred to the financial institutions by using loans. In accordance with transfer, principal and interest payment of loans are paid at maturity by Türk Telekomünikasyon A.Ş.

Company's transferred receivables from group of Türk Telekom are collected and transferred from factoring companies as irrevocably after the October 2015.In accordance with transfer, principal and interest payment of factoring and loans are paid at maturity by group of Türk Telekom.

Long-Term Financial Liabilities as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	**December 31, 2016**	**December 31, 2015**
Loans	1.770.872	67.085.140
Total Long Term Loans	**1.770.872**	**67.085.140**

December 31, 2016

Type	**Currency Amount**	**Amount (TL)**	**Active Interest rate (%)**
Long Term Loans			
Loans *(TL)*	*1.770.872*	1.770.872	*11,54-16,29*
Total loans		**1.770.872**	

Long-term loans are used for financing mobile devices which are sold to subscriber within campaign that consist of maturity of 12 month,24 month and 36 month by the way of dealers of Group of Türk Telekom.,all of the loans are issued guarenteed by Group of Türk Telekom .

Device receivables from subscriber to Avea dealers are collected at maturity by Group of Türk Telekom.Receivables amount consist of selling devices are transferred to the financial institutions by using loans. In accordance with transfer, principal and interest payment of factoring and loans are paid at maturity by Group of Türk Telekom.

December 31, 2015

Type	**Currency Amount**	**Amount (TL)**	**Active Interest rate (%)**
Long Term Loans			
Loans *(TL)*	*67.085.140*	67.085.140	*11,55-16,19*
Total loans		**67.085.140**	

Long-term loans are used for financing mobile devices which are sold to subscriber within campaign that consist of maturity of 12 month,24 month and 36 month by the way of dealers of Group of Türk Telekom.,all of the loans are issued guarenteed by Group of Türk Telekom.

Device receivables from subscriber to Avea dealers are collected at maturity by Group of Türk Telekom.Receivables amount consist of selling devices are transferred to the financial institutions by using loans. In accordance with transfer, principal and interest payment of factoring and loans are paid at maturity by Group of Türk Telekom.

Maturities of financial liabilities are as follows:

Loans	**December 31, 2016**	**December 31, 2015**
0-12 month	74.988.612	196.581.051
12-36 month	1.770.872	67.085.140
Total	**76.759.484**	**263.666.191**

9 OTHER FINANCIAL LIABILITIES

Group has no short-term and long-term other financial liabiilties as of December 31, 2016 and December 31, 2015.

10 TRADE RECEIVABLES AND PAYABLES

Short-Term trade receivables as of December 31, 2016 and December 31, 2015 are as follows;

Account name	December 31, 2016	December 31, 2015
Trade Receivables	205.735.523	277.290.801
Related Parties	*346.868*	*1.087.558*
Other	*205.388.655*	*276.203.243*
- Other Receivables	*108.958.664*	*60.591.677*
- Transferred Receivables	*96.429.991*	215.611.566
Notes Receivables	16.799.517	7.279.209
Rediscount on Notes Receivables (-)	(7.386.978)	(12.658.712)
Doubtful Receivables	1.728.923	1.740.894
Provision for Doubtful Receivables (-)	(1.728.923)	(1.740.894)
Total	**215.148.062**	**271.911.298**

Short-term transferred receivables as of December 31, 2016 are amouting to TL 96.429.991 (December 31, 2015: TL 215.611.566) used for financing mobile devices which are sold to subscriber within campaign that consist of maturity of 12 month, 24 month and 36 month by the way of dealers of Türk Telekom Group.,all of the loans are issued guarenteed by Türk Telekom Group. Amount of TL 74.988.612 (December 31, 2015: 196.581.051) consist of same campaign are transferred to the banks in return of used loans. Device receivables from subscriber to Türk Telekom Group dealers are collected at maturity by Türk Telekom Group. Receivables amount consist of selling devices are transferred to the financial institutions by using loans.

Company's transferred receivables from Group of Türk Telekom are collected and transferred from factoring companies as irrevocably after the October 2015. In accordance with transfer, principal and interest payment of loans are paid at maturity by Group of Türk Telekom. Short-term transferred receivables maturity are as follows;

Transferred Receivables	December 31, 2016	December 31, 2015
0-3 month	38.892.682	54.181.963
3-12 month	57.537.309	161.429.603
Total	**96.429.991**	**215.611.566**

Long-Term trade receivables as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Trade Receivable	2.077.902	79.655.935
-Related Parties	-	-
-Other	*2.077.902*	*79.655.935*
Transferred Receivable Rediscount (-)	(307.030)	(12.570.793)
Total	**1.770.872**	**67.085.142**

Long-term transferred receivables as of December 31, 2016 are amouting to TL 2.077.902 (December 31, 2015: 79.655.935) are used for financing mobile devices which are sold to subscriber within campaign that consist of maturity of 12 month, 24 month and 36 month by the way of dealers of Group of Türk Telekom all of the loans are issued guarenteed by Group of Türk Telekom. Amount of TL 1.770.872 (December 31,2015: 67.085.140) consist of same campaign are transferred to the banks in return of used loans.

Device receivables from subscriber to Türk Telekom Group dealers are collected at maturity by Group of Türk Telekom. Receivables amount consist of selling devices are transferred to the financial institutions by using loans.

Company's transferred receivables from Group of Türk Telekom are collected and transferred from factoring companies as irrevocably after on October 2015.In accordance with transfer, principal and interest payment of loans are paid at maturity by Group of Türk Telekom. Long-term transferred receivables maturity are as follows;

Transferred Receivables	December 31, 2016	December 31, 2015
12-36 month	2.077.902	79.655.935
Total	**2.077.902**	**79.655.935**

The amounts of the guarantees taken for the **216.918.934** trade receivables for the year ended December 31, 2016 is **TL 53.370.287.** The amounts of the guarantees taken for the **TL 338.996.440** trade receivables for the year ended December 31, 2015 is **TL 26.433.433.**Risk types and levels of trade receivables are explained in **Note 38.**

The company made an insurance policy agreement which contains trade receivables insurance in Turkey with Euler Hermes Sigorta A.Ş.

- Policy has arranged for 1 year, April 01,2016-March 31,2017.
- Damages in policy is stated in USD.
- Guarantee proportion is determined % 90 for trade receivables credit limit which are demanded.
- Amount of Eular Hermes guarantee is **TL 17.182.496.**
- Short and long-term transferred receivables from Group of Türk Telekom are amounting to **TL 98.507.893** (December 31,2015: **TL 295.267.501**) .

Provision for Doubtful Receivables movement table is below:

	January 1,2016 December 31, 2016	**January 1,2015 December 31, 2015**
Opening Balance (-)	(1.740.894)	(1.665.857)
Collections (+)	13.208	4.479
Period Expense (-) **(Note: 30)**	(1.237)	(79.516)
Closing Balance	**(1.728.923)**	**(1.740.894)**

The maturities of trade receivables which is overdue and there is not decline in value are as follows;

	December 31, 2016	**December 31, 2015**
0-3 month	321.056	133.838
3-12 month	121.445	12.319
1-5 year	-	-
Total	**442.501**	**146.157**

The details of the Short-Term Trade Payables as of December 31, 2016 and December 31, 2015 as follows:

Account Name	**December 31, 2016**	**December 31, 2015**
Trade Payables	140.580.264	92.964.144
Other Trade Payables	*140.290.149*	*92.610.403*
Related Parties	*290.115*	*353.741*
Notes Payables	179.135	-
Rediscount on Notes Payables(-)	(1.238.609)	(992.891)
Total	**139.520.790**	**91.971.253**

The Group has no Long-Term Trade Payables as of December 31, 2016 and December 31, 2015.

The average maturity of trade receivables and payables is less than 3 months. Prevailing interest rate of domestic government bonds is used as prevailing interest rate for rediscount of trade receivables and payables in TL.Also Libor and Eurobor are used for trade receivables and payables in USD and EURO. Receivables and payables in USD and EURO are discounted using Libor and Euro Libor rates respectively TL % 10 USD % 1,68567 and EURO % (0,08629). (December 31, 2015 Rates: TL %11, USD %1,17800 and EURO %(0,05929)) .

11 OTHER RECEIVABLES AND PAYABLES

Short-term other receivables as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	**December 31, 2016**	**December 31, 2015**
Due from Personnel Receivables	71.028	8.651
Other Receivables	-	15.657
-Other Receivables Due From Related Parties	-	-
-Other Receivables Due From Unrelated Parties	-	15.657
Total	**71.028**	**24.308**

The Group has no Long-Term Other Receivables as of December 31, 2016 and December 31, 2015.

Risk types and levels of other receivables are explained in **Note 38.**

Short-term other payables as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Taxes, Duties Payable and Other Fiscal Liabilities	2.838.289	2.334.720
Total	**2.838.289**	**2.334.720**

12 DERIVATIVE INSTRUMENTS

The Group's financial investments consist of derivatives which are recognised at fair value as follows :

Account Name	December 31, 2016	December 31, 2015
Derivative Financial Instruments	-	12.967
Total	-	**12.967**

The Group has no foreign currency exchange contracts as of December 31, 2016.

As of December 31, 2015, Group has made foreign exchange purchase contracts for the amounts of USD 2.177.095 The maturity of the USD contracts is 0-3 months. The fair value of the contracts as of December 31, 2015 is TL 6.317.154 and the total amount of valuation difference is TL 12.967 is recognized in the statement of profit or loss.

13 INVENTORIES

The inventories of the Group as of December 31, 2016 and December 31, 2015 are as follows;

Account Name	December 31, 2016	December 31, 2015
Commercial Goods	31.285.643	37.028.075
Goods in Transit	1.111.202	9.851.160
Provision for Decrease in value of inventories (-)	(914.674)	(955.820)
Total	**31.482.171**	**45.923.415**

Products which are invoiced but not actually transferred to inventories are recognized under the "Goods in Transit".

Provision for Impairment of Inventory:

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Opening Balance (-)	(955.820)	(864.124)
Cancellation of Provisions Arising From Increase in Fair Value Evolution (+)	41.146	-
Provision for Decrease in value of inventories (-)**(Note: 28)**	-	(91.696)
Balance at the end of year (-)	**(914.674)**	**(955.820)**

The provision for decrease in value of inventories is calculated with increasing percentages for the goods waiting in the inventory more than 3 months depending upon increase in the inventory turnover rate. As of December 31, 2016, **TL 2.369.822** of the inventories is presented with their net realizable value and the remaining balance is presented with their cost in the financial statements. (As of December 31, 2015, **TL 2.828.108** of the inventories is presented with their net realizable value and the remaining balance is presented with their cost in the financial statements.)

Explanation	December 31, 2016	December 31, 2015
Cost Value	3.284.496	3.783.928
Provision for Value Decrease in Inventories	(914.674)	(955.820)
Net Realizable Value **(a)**	2.369.822	2.828.108
Inventory presented with its cost value **(b)**	29.112.349	43.095.307
Total Inventories (a+b)	**31.482.171**	**45.923.415**

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

Total Amount of Insurances on Assets is disclosed in **Note: 22**.
The information related to inventories recognized as expense in the current period is disclosed in **Note: 28**.

14 BIOLOGICAL ASSETS

None.

15 PREPAID EXPENSES and DEFERRED INCOMES

Short-Term:

Short-term prepaid expenses as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Prepaid Expenses for Following Months	314.882	156.509
Advances Given for Purchases	2.055.164	1.797.505
Total	**2.370.046**	**1.954.014**

Deferred Incomes as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Income for the following Months	-	6.155
Advances Received	3.046.439	8.274.230
Total	**3.046.439**	**8.280.385**

As of December 31, 2016; Part of advance given is amounting to **TL 2.053.136** consist of virtual and physical top up which are taken for selling purposes are invoiced to dealers when the top up are sold to end user.

As of December 31, 2015; Part of advance given is amounting to **TL 5.299.314** consist of virtual and physical top up which are taken for selling purposes are invoiced to dealers when the top up are sold to end user.

Long-Term :

Group has no prepaid expenses as of December 31, 2016 and December 31, 2015.

Group has no deferred income as of December 31, 2016 and December 31, 2015.

16 INVESTMENTS EVALUATED BY EQUITY METHOD

None.

17 INVESTMENT PROPERTY

None.

18 TANGIBLE ASSETS

Tangible assets for the periods ended are as follows:

December 31, 2016

Cost

Account Name	January 1, 2016	Acquisitions	Dipsosals (-)	December 31, 2016
Machinery, Plants&Equipments	4.170	-	-	4.170
Vehicles	159.905	-	(159.905)	-
Furniture & Fixtures	1.074.146	162.819	(3.237)	1.233.728
Leasehold Improvements	13.316	-	-	13.316
Total	**1.251.537**	**162.819**	**(163.142)**	**1.251.214**

Accumulated Depreciation

Account Name	January 1, 2016	Period Depreciation	Dipsosals (-)	December 31, 2016
Machinery, Plants&Equipments	(4.170)	-	-	(4.170)
Vehicles	(159.905)	-	159.905	-
Furniture & Fixtures	(995.596)	(60.856)	1.145	(1.055.307)
Leasehold Improvements	(13.316)	-	-	(13.316)
Total	**(1.172.987)**	**(60.856)**	**161.050**	**(1.072.793)**
Net Value	**78.550**			**178.421**

December 31, 2015

Cost

Account Name	January 1, 2015	Acquisitions	Dipsosals (-)	December 31, 2015
Machinery, Plants&Equipments	4.170	-	-	4.170
Vehicles	159.905	-	-	159.905
Furniture & Fixtures	1.010.447	63.699	-	1.074.146
Leasehold Improvements	13.316	-	-	13.316
Total	**1.187.838**	**63.699**	**-**	**1.251.537**

Accumulated Depreciation

Account Name	January 1, 2015	Period Depreciation	Dipsosals (-)	December 31, 2015
Machinery, Plants&Equipments	(4.170)	-	-	(4.170)
Vehicles	(153.751)	(6.154)	-	(159.905)
Furniture & Fixtures	(970.534)	(25.062)	-	(995.596)
Leasehold Improvements	(13.316)	-	-	(13.316)
Total	**(1.141.771)**	**(31.216)**	**-**	**(1.172.987)**
Net Value	**46.067**			**78.550**

Other Information:

The depreciation and amortization expenses are recognized under the operational expenses. (**Note: 30**)
Total Amount of Insurances on Assets is disclosed in **Note: 22**.
There is no mortgage and guarantee, restrictions, annotations, etc. on assets.

19 INTANGIBLE ASSETS

December 31, 2016

Cost

Account Name	January 1, 2016	Acquisitions	Disposals	December 31, 2016
Rights	433.219	414.443	-	847.662
Total	**433.219**	**414.443**	**-**	**847.662**

Accumulated Depreciation

Account Name	January 1, 2016	Period Amortization	Disposals	December 31, 2016
Rights	(271.770)	(89.044)	-	(360.814)
Total	**(271.770)**	**(89.044)**	**-**	**(360.814)**
Net Value	**161.449**			**486.848**

December 31, 2015

Cost

Account Name	January 1, 2015	Acquisitions	Disposals	December 31, 2015
Rights	285.357	147.862	-	433.219
Total	**285.357**	**147.862**	**-**	**433.219**

Accumulated Depreciation

Account Name	January 1, 2015	Period Amortization	Disposals	December 31, 2015
Rights	(243.620)	(28.150)	-	(271.770)
Total	**(243.620)**	**(28.150)**	**-**	**(271.770)**
Net Value	**41.737**			**161.449**

The depreciation and amortization expenses are recognized under the operational expenses. (**Note: 30**)

20 EMPLOYEE BENEFIT OBLIGATIONS

Payables Related to Employee Benefits as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Social Security Institution Payable	100.211	50.744
Total	**100.211**	**50.744**

21 GOVERNMENT GRANT AND ASSISTANCE

None.

22 PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

i) Provisions

Account Name	December 31, 2016	December 31, 2015
Provision for Price Differences	6.815.909	6.023.096
Provision for Litigations	620.220	570.764
Total	**7.436.129**	**6.593.860**

December 31, 2016	Provision for Litigations	Provision for Price Differences	Total
As of January 1	570.764	6.023.096	6.593.860
Additional Provisions	49.456	6.815.909	6.865.365
Payment / Offset	-	(6.023.096)	(6.023.096)
Total	**620.220**	**6.815.909**	**7.436.129**

December 31, 2015	Provision for Litigations	Provision for Price Differences	Total
As of January 1	564.382	3.039.143	3.603.525
Additional Provisions	6.382	6.023.096	6.029.478
Payment / Offset	-	(3.039.143)	(3.039.143)
Total	**570.764**	**6.023.096**	**6.593.860**

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

ii) Contingent Assets and Liabilities;

December 31, 2016

As of December 31, 2016, for the lawsuits initiated against Group, provision amount **620.220 TL** is reflected to the financial statements.

December 31, 2015

As of December 31, 2015, for the lawsuits initiated against Group, provision amount **570.764 TL** is reflected to the financial statements.

iii) Contingent Assets and Liabilities;

December 31, 2016

	TL	USD	EURO
Guarantee Letters Given	113.775.616	7.350.000	-
TOTAL	**113.775.616**	**7.350.000**	-

December 31, 2015

	TL	USD	EURO
Guarantee Letters Given	137.925.616	7.350.000	-
TOTAL	**137.925.616**	**7.350.000**	-

iv) Total Guarantees and Mortgages on Assets

None

v) Total Insurance Coverage on Assets;

December 31, 2016

Type of Insured Assets	USD	TL
Goods	20.000.000	-
Other	200.000	-
Total	**20.200.000**	

December 31, 2015

Type of Insured Assets	USD	TL
Goods	20.000.000	-
Vehicles	-	120.248
Other	200.000	-
Total	**20.200.000**	**120.248**

vi) The ratio of Mortgages and Guarantees Given to Shareholders' Equity is as follows;

Mortgages & Guarantees Given by the Group	**December 31, 2016**	**December 31, 2016**	**December 31, 2015**	**December 31, 2015**
	Döviz Tutarı	**TL Karşılığı**	**Döviz Tutarı**	**TL Karşılığı**
A. Total amount of M&G Given on behalf of the Group	-	**139.641.736**	-	**159.296.476**
Guarantee Letter (USD)	*7.350.000*	*25.866.120*	*7.350.000*	*21.370.860*
Guarantee Letter (TL)	-	*113.775.616*	-	*137.925.616*
Pledges				
Mortgage	-	-	-	-
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation	-	-	-	-
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.	-	-	-	-
D. Total Amount of other M&G Given	-	-	-	-
i. Total Amount of M&G Given on behalf of main shareholder	-	-	-	-
ii. Total Amount of M&G Given on behalf of other affiliated companies which can not be classified under section B and C.	-	-	-	-
iii. Total Amount of M&G Given on behalf of the third person that cannot be classified under section C.	-	-	-	-
Total	-	**139.641.736**	-	**159.296.476**

The ratio of Mortgages and Guarantees Given to Shareholders' Equity is % 0. (December 31, 2015: % 0)

23 COMMITMENTS

None.

24 LONG TERM PROVISION FOR EMPLOYEE BENEFITS

Account Name	**December 31, 2016**	**December 31, 2015**
Provision for Employment Termination Benefits	47.322	45.672
Total	**47.322**	**45.672**

In context of current Labor Law, liability of payment of legal benefit for termination indemnity arises when terminated employment contract is qualified for termination indemnity. In addition, according to currently operated Social Insurance Law making payment to employee, who has the right of severance with termination indemnity, is a legal liability. Termination indemnity payable is not subjected to any legal funding. As of January 01,2017, termination indemnity upper limit is monthly TL 4.426,16 (December 31, 2015: TL 4.092,53).

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

Base assumption is the inflation parallel increase of maximum liability of each year Applied discount rate must represent expected real discount rate after the adjustment of future inflation As of December 31, 2016 and December 31, 2015 , provisions in financial statement are calculated by forecasting the present value of currently working employee's possible future liabilities. The provisions at the statement of financial position dates have been calculated assuming an annual inflation rate of % 6,75 and a discount rate of % 10,50. The real discount rate of % 3,51 (December 31, 2015: % 3,76) was used in the computation. The Group Management revised the expectations of discount assumptions every statement of financial position period.

Employee termination benefits related to severance for December 31, 2016 probability estimate was calculated as % 89,63. (December 31, 2015: % 91,74)

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Provision as of January 1	45.672	20.048
Current Period Service Cost	9.596	10.887
Actuarial Income/(Loss)	(9.149)	12.764
Interest Cost	4.567	2.005
Payments (-)	(40.305)	(7.889)
Loss Composed on Payment	36.941	7.857
Provisions no Longer Required	-	-
Closing Balance	**47.322**	**45.672**

Provision expense (income) for termination benefits are recognized the accounts as follows;

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
General Administration Expenses	(51.104)	(20.749)
Other from Operations (Incomes)	-	-
The amount accounted in (Profit) / Loss	**(51.104)**	**(20.749)**
Actuarial Loss accounted in Other Comprehensive Income	9.149	(12.764)
Total Expense / (Income)	**(41.955)**	**(33.513)**

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Actuarial Loss accounted in Other Comprehensive Income	9.149	(12.764)
Tax Effect: % 20	(1.830)	2.553
Net Amount	**7.319**	**(10.211)**

25 CURRENT TAX ASSETS AND LIABILITIES

None.

26 OTHER ASSETS AND LIABILITIES

Other Current Assets as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Credit Note Income Accrual (*)	640.676	2.686.701
Work Advance	38.411	15
Total	**679.087**	**2.686.716**

(*)Credit note income related to following months is disclosed in **Note: 2.08.20.**

Credit note income related to following months transactions as follows:

	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Opening Balance	2.686.701	1.535.042
Current period accrual	32.403.949	26.311.346
Collection / Current account transfer	(34.449.974)	(25.159.687)
Balance at the end of year	**640.676**	**2.686.701**

The Group has not any other non-current assets for the years 31, 2016 and December 31, 2015.

27 SHAREHOLDER'S EQUITY

i) Non-Controlling Interests

None.

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(ii) Capital / Capital Adjustments Due to Cross-Ownership / Treasury Shares

Issued capital of the Company increased from TL 10.000.000 to TL 30.000.000 a portion of TL 20.000.000 arising from extraordinary reserves (Previous Year's Profit) and related request was approved by Capital Markets Board on October 4, 2016.

The paid in capital of the Group is **TL 30.000.000** and consist of **30.000.000** shares, each with TL 1 nominal value. The paid in capital of the Company, which is **TL 30.000.000**, consists of A Group shares issued to the name in the amount of **TL 454,545** and B Group shares issued to the bearer in the amount of **TL 29.999.545,455.**

A Group shareholders have privilege in election of Board of Directors members, B Group Shareholders do not have any privileges. A Group of shareholders have the right to assign one more the half of the total available Board of Director positions.

CMB dated 02.05.2014 with the permission of the registered capital ceiling has been increased to TL 40 million from 20 million TL. The decision was accepted by General Assembly of the Company held on May 9, 2014.

Capital Markets Board gave the registered capital of the permit is valid for the years 2014-2018.

Capital and shareholder structure of the Company as of December 31, 2016 and December 31, 2015are as follows;

	December 31, 2016		December 31, 2015	
Shareholders	**Share Percentage %**	**Share Amount**	**Share Percentage %**	**Share Amount**
İndeks A.Ş.(*)	%59,24	17.772.688	%59,24	5.924.229
Tayfun Ateş	% 5,00	1.500.000	% 5,00	500.000
Public Shares	%35,75	10.727.270	%35,75	3.575.757
Other	%0,01	42	%0,01	14
Total	**%100**	**30.000.000**	**%100**	**10.000.000**

(*) Non Public shares: % 51,74; Public Shares: % 7,5; Total: % 59,24. The ultimate controlling party of the Group is Nevres Erol Bilecik and his family members.

(iii) Share Premiums/Discounts

Capital reserves consist of share issue premiums.There is not movement in the current period.

(iv) Other Comprehensive Income / Expense not to be Reclassifield to Profit or Loss

Other Comprehensive Income / Expense not to be Reclassifield to Profit or Loss for the periods ended, are as follows:

Account Name	**December 31, 2016**	**December 31, 2015**
*Actuarial Gain/(Loss) **(Note:24)***	52.828	43.678
*Tax Effect (-)**(Note:24, Note:35)***	(10.566)	(8.735)
Actuarial Gain/(Loss) (Net)	**42.262**	**34.943**
Revaluation and Gain/Loss Arising from Measurement	**42.262**	**34.943**
Other Comprehensive Income/Expense not to be Reclassifield to Profit or (Loss)	**42.262**	**34.943**

	December 31, 2016	**December 31, 2015**
Opening Balance, January 1	34.943	45.154
Increase/Decrease	9.149	(12.764)
Deferred Tax Offset (-)	(1.830)	2.553
Closing Balance	**42.262**	**34.943**

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

Account Name	December 31, 2016	December 31, 2015
Currency Translation Differences	1.970.435	1.973.382
Currency Translation Differences (Net)	**1.970.435**	**1.973.382**
Other Comprehensive Income/(Expense) to be Reclassified to Profit or (Loss)	**1.970.435**	**1.973.382**

Currency Translation Differences movement table for the periods ended, is as follows:

	December 31, 2016	December 31, 2015
As of January 1	1.973.382	2.001.532
Increase/(Decrease)	(2.947)	(28.150)
Transfer to Profit/Loss Statement	-	-
Closing Balance	**1.970.435**	**1.973.382**

vi) Restricted Reserves from Profit

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

(vii) *Previous Years' Profits*
Profits of previous years consist of extraordinary reserves, lose and profits of other previous years.

Publicly traded companies shall perform dividend distribution in accordance with the Communique on Dividends II-19.01 of the Capital Market Board effective. Within the scope of this communique,no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their article association. Additionally, dividends can be paid via equal or different installments and companies can be distribute dividend advances based on profits at interim financial statements. The amount of distributable profit based on the companies' decision, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, otherwise all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

Shareholders' Equity as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	December 31, 2016	December 31, 2015
Capital	30.000.000	10.000.000
Capital Adjustments Differences	1.241.463	1.241.463
Share Buyback (-) (*)	(277.304)	-
Share Premiums/Discounts	3.229.361	3.229.361
Other Comprehensive Income / Expense not to be Reclassifield to Profit or Loss	42.262	34.943
- Revaluation and Gain/Loss Arising from Measurement	*42.262*	*34.943*
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	1.970.435	1.973.382
-Financial Assets Available for-Sale Revaluation Surplus	-	-
- Hedge Funds (Note: 12)	-	-
- Currency Translation Adjustments	*1.970.435*	*1.973.382*
Restricted Reserves	3.802.795	2.960.093
- Legal Reserves	*2.709.874*	*1.867.172*
- Profit Reserves Gain on Sale of Subsidiaries	*1.092.921*	*1.092.921*
Previous Years' Profit / (Loss)	16.219.963	19.914.198
Net Period Profit / (Loss)	18.077.982	22.148.470
Total	**74.306.957**	**61.501.910**

In the financial statements prepared according to the standards of the CMB, the Group's net period profit is **TL 18.077.982.** The net period profit of the Company in legal records is **TL 30.238.856**. In the financial statements prepared according to the standards of the CMB, the Group's, except current period profit/loss, retained earnings are **TL 16.219.963**. The Company's distributable retained earnings in legal records are **TL 50.834.844** and the distributable dividend from retained earnings is limited with this amount. Capital inflation adjustment differences are not taken into consideration in the calculation of the total distributable profit.

(*) In accordance with announcement of Capital Markets Board of Turkey on July 21, 2016, a company shall repurchase its shares without a limit till second announcement of the board, within this scope amounting to TL 5 million is detemined for share buyback fund that could not be excess that amount. In connection with this scope the Company bought 61.961 trading shares from BİST for TL 277.304 which contain %0,21 of Company's shareholder' equity. Share buyback was financed by the Company's internal sources. Any gain or loss was not reflected to the statement of profit end loss related to the share buyback transactions. Taken or paid amounts are recognized directly in shareholder' equity.

28 REVENUE AND COST OF SALES

Revenue and cost of sales for the periods ended December 31, 2016 and December 31, 2015 are as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Domestic Sales	1.226.139.653	1.086.997.217
Foreign Sales	-	1.168.015
Other Sales	13.680.047	14.791.960
Sales Returns (-)	(20.641.534)	(17.206.503)
Sales Discounts (-)	(2.719.666)	(7.853.608)
Other Discounts (-)	(2.037.991)	(516.583)
Revenue	**1.214.420.509**	**1.077.380.498**
Cost of Sales (-)	(1.179.815.036)	(1.040.009.690)
Gross Profit	**34.605.473**	**37.370.808**

Depreciation and amortization expenses are shown in operational expenses.

29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES AND GENEREAL ADMINISTRATION EXPENSES

The Operational Expenses for the periods ended December 31, 2016 and December 31, 2015 are as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
General Administration Expenses (-)	(6.389.871)	(6.063.269)
Marketing, Sales & Distribution Expenses (-)	(4.995.482)	(4.615.348)
Total Operating Expenses	**(11.385.353)**	**(10.678.617)**

30 EXPENSES RELATED TO THEIR NATURE

Expenses Related to Their Nature of the Group for the periods ended December 31, 2016 and December 31, 2015 are as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Marketing, Sales & Distribution Expenses (-) and General Administration Expenses (-)		
- Personnel Expenses	(6.544.069)	(6.341.275)
- Transportation Expenses	(2.258.481)	(2.001.807)
- Insurance Expenses	(1.057.167)	(724.984)
- Rental Expenses	(453.838)	(362.396)
- Advertisement Expenses	(57.805)	(176.673)
- Consultancy and Audit Expenses	(257.488)	(188.067)
- Outsourced benefits and services	(124.718)	(163.202)
- Communication Expense	(64.399)	(58.065)
- Other Expenses	(567.388)	(662.148)
Total Operating Expenses	**(11.385.353)**	**(10.678.617)**

31 OTHER OPERATING INCOME / EXPENSE

The Other Operating Income / Expenses for the periods ended December 31, 2016 and December 31, 2015 are as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Other Income	**11.313.775**	**14.600.961**
Terminated Provisions for Litigations	-	26.337
Terminated Provisions for Doubtful Receivables	11.478	4.479
Eliminated Interest From Revenue	6.613.244	8.792.984
Rediscount and Interest Income	1.766.629	1.322.411
Foreign Exchange Gain (Trade Receivables and Payables)	2.917.290	4.296.146
Other	5.134	158.604
Other Expenses (-)	**(14.965.194)**	**(15.988.441)**
Eliminated Interest From Purchases	(10.190.963)	(10.990.875)
Rediscount and Interest Expenses	(1.557.139)	(1.173.345)
Foreign Exchange Loss (Trade Receivables and Payables)	(3.135.215)	(3.642.245)
Other (-)	(81.877)	(181.976)
Other Income / Expense (Net)	**(3.651.419)**	**(1.387.480)**

32 INCOME / EXPENSE FROM INVESTMENT ACITIVITIES

Income from investment activities of TL 85.961 arising from income from sales of fixed assets as of and for the year ended December 31,2016.

Group has no Income / Expense from Investment Activities as of December 31, 2015

33 FINANCIAL INCOME / EXPENSE

The Financial Income/Expenses for the periods ended December 31, 2016 and December 31, 2015 are as follows:

Financial Income for the periods as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Interest Income	4.073.934	2.609.276
Foreign Exchange Gain	39.466	1.029.691
Total	**4.113.400**	**3.638.967**

Financial Expense for the periods as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Bank and Interest Expenses	(1.062.465)	(1.151.602)
Foreign Exchange Losses	(94.068)	(67.928)
Total	**(1.156.533)**	**(1.219.530)**

There is no capitalized financial expense of Group for current period.

34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS

None.

35 TAX ASSETS AND LIABILITIES

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

The tax assets and liabilities of the Group as of December 31, 2016 and December 31, 2015 are as follows:

Account Name	January 1, 2016 December 31, 2016	January 1, 2015 December 31, 2015
Current Corporate Tax Provision (-)	(7.570.160)	(11.260.056)
Deferred Tax Income / (Expense)	3.036.613	5.684.378
Total Tax Income / (Expense)	**(4.533.547)**	**(5.575.678)**

Account Name	December 31, 2016	December 31, 2015
Provision for Taxes	7.570.160	11.260.056
Prepaid Taxes (-)	(4.239.176)	(8.477.244)
Total Net Tax Liabilities	**3.330.984**	**2.782.812**

i) Provision for Current Period Tax

Companies calculate their temporary taxes on their quarterly financial profits in Turkey. Corporate income as of the temporary tax periods 2016 and 2015, temporary tax rate of 20 % over the corporate income was calculated and prepaid taxes deducted from taxation on income.

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

According to Corporate Tax Law's Article: 20, the corporate tax is imposed by the taxpayer's tax returns. There is no prosedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 25th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

Income Withholding Tax:

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

ii) Deferred Tax :

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS/IFRS and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS/IFRS and tax purposes and disclosed below.

Account Name	December 31, 2016 Accumulated Temporary Differences	December 31, 2016 Deferred Tax Receivable / (Payable)	December 31, 2015 Accumulated Temporary Differences	December 31, 2015 Deferred Tax Receivable / (Payable)
Fixed Assets	(150.119)	(30.024)	(63.177)	(12.635)
Rediscount Expense	55.379.855	11.075.971	39.895.320	7.979.064
Provision for Employment	47.322	9.464		9.134
Termination Benefits			45.672	
Provision for Lawsuit	620.220	124.044	570.764	114.153
Provision for Value Decrease in	914.674	182.935		191.164
Inventories			955.820	
Rediscount Income	(1.237.052)	(247.410)	(991.907)	(198.381)
Derivative Instruments	-	-	(12.967)	(2.593)
Share of Inventory Financing	87.271	17.454	152.838	30.567
Other	(21.042)	(4.208)	(85.150)	(17.030)
Deferred Tax Asset		**11.128.226**		**8.093.443**

	December 31, 2016	December 31, 2015
Deferred Tax Asset / (Liability) at the beginning of the period	8.093.443	2.406.512
Deferred Tax Income / (Expense)	3.036.613	5.684.378
Currency Translation Differences	-	-
Employee Termination Benefits Actuarial Gain/Loss	(1.830)	2.553
Deferred Tax Assets / (Liabilities)	**11.128.226**	**8.093.443**

Explanation of Unused Tax Advantages:

There is no financial loss transferred to forthcoming periods as of December 31, 2016.

Reconciliation of tax provision for the periods ended December 31, 2016 and December 31, 2015 are as follows:

Reconciliation of Tax Provision:	**January 1, 2016 December 31, 2016**	**January 1, 2015 December 31, 2015**
Profit from Continuing Operations	22.611.529	27.724.148
Tax Rate % 20	(4.522.306)	(5.544.830)
Tax Effect :		
Tax effect of Translation Differences of Equity Items	589	5.630
- Non-Deductible Expenses	(11.830)	(36.478)
Taxation Income/(Expense) Recognized in Statement of Profit or Loss	**(4.533.547)**	**(5.575.678)**

36 EARNINGS PER SHARE

Earnings per share are calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Calculation of earnings per share/loss is as follow:

Account Name	**January 1, 2016 December 31, 2016**	**January 1, 2015 December 31, 2015**
Current Period Profit / (Loss)	18.077.982	22.148.470
Average Number of Shares	30.000.000	30.000.000
Earnings / (Loss) per Share(*)	**0,60259940**	**0,73828233**

(*)In accordance with the Turkish Accounting Standard ("TAS") numbered 33 "Earning Per Share" paragraph numbered 64 Retrospective Adjustments, amount of calculated earnings per share was adjusted retrospectively by the Group due to capital increase through bonus issues.

37 RELATED PARTIES DISCLOSURES

a) Receivables from and Payables to Related Parties are as follows:

	Receivables		**Payables**	
December 31,2016	**Trade Receivables**	**Non-Trade Receivables**	**Trade Payables**	**Non-Trade Payables**
İndeks A.Ş.	346.868	-	-	-
Neotech A.Ş.	-	-	-	-
Neteks A.Ş.	-	-	2.543	-
Teklos A.Ş.	-	-	262.021	-
İnfin A.Ş.	-	-	-	-
Despec A.Ş.	-	-	21.700	-
Homend A.Ş.	-	-	3.851	-
Artım A.Ş.	-	-	-	-
Total	**346.868**	-	**290.115**	-

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	Receivables		Payables	
December 31, 2015	**Trade Receivables**	**Non-Trade Receivables**	**Trade Payables**	**Non-Trade Payables**
İndeks A.Ş.	869.338	-	-	-
Neotech A.Ş.	-	-	-	-
Neteks A.Ş.	-	-	-	-
Teklos A.Ş.	-	-	262.904	-
İnfin A.Ş.	214.538	-	90.628	-
Despec A.Ş.	3.682	-	-	-
Homend A.Ş.	-	-	209	-
Artım A.Ş.	-	-	-	-
Total	**1.087.558**	-	**353.741**	-

There is no a guarantee or mortgages for the related party receivables or payables. There is no provision made for doubtful receivables for the related party receivables.

The related party balances generally consist from trade transactions. But in some conditions there are cash usages between the related parties. The balances which consist from non-trade transactions are classified as non-trade receivables or payables in the financial statements. Interest is calculated for the balances and is invoiced quarterly. The interest rates for USD, EURO and TL are % (3,5) % (3,5) ve % (14) in December 31.2016 .(The interest rates for USD, EURO and TL are % 3,5) % (3,5) ve % (14) in December 31, 2015).

b) Acquisitions from Related Parties and Sales to Related Parties are as follows:

December 31, 2016

Sales to Related Parties	**Goods and Services**	**General Expense Allocation**	**Interest and Foreign Exchange Income**	**Total Income / Sales**
İndeks A.Ş.	50.209	54.492	3.165.387	3.270.088
Artım A.Ş.	1.017	-	700	1.717
Despec A.Ş.	48.937	-	34.106	83.043
İnfin A.Ş.	-	5.521	200	5.721
Neotech A.Ş.	-	-	-	-
Neteks A.Ş.	-	-	5.669	5.669
Homend A.Ş.	-	149	-	149
Teklos A.Ş.	123.125	21047	13.316	157.488
TOTAL	**223.288**	**81.209**	**3.219.378**	**3.523.875**

Acquisitions from Related Parties	**Goods and Services**	**General Expense Allocation**	**Interest and Foreign Exchange Expense**	**Total Expenses / Acquisitions**
Artım A.Ş.	545	-	1.882	2.427
Despec A.Ş.	273	-	20.390	20.663
Homend A.Ş.	1.239.349	-	496.548	1.735.897
İndeks A.Ş.	-	3.959.751	5.499	3.965.250
İnfin A.Ş.	-	5.521	-	5.521
Neotech A.Ş.	-	-	-	-
Neteks A.Ş	-	-	2.170	2.170
Teklos A.Ş	2.237.148	11.717	89.844	2.338.709
TOTAL	**3.477.315**	**3.976.989**	**616.333**	**8.070.637**

There is no taken or given guarantee in between related parties.

December 31, 2015

Sales to Related Parties	Goods and Services	General Expense Allocation	Interest and Foreign Exchange Income	Total Income / Sales
İndeks A.Ş.	2.909.919	14.949	1.645.712	4.570.580
Artım A.Ş.	-	-	154	154
Despec A.Ş.	194.920	-	12.044	206.964
İnfin A.Ş.	1.120.768	-	249.275	1.370.043
Neotech A.Ş.	-	-	502	502
Neteks A.Ş.	-	-	-	-
Homend A.Ş.	-	-	38	38
Teklos A.Ş.	68.151	209.272	8.749	286.172
TOTAL	**4.293.758**	**224.221**	**1.916.474**	**6.434.453**

Acquisitions from Related Parties	Goods and Services	General Expense Allocation	Interest and Foreign Exchange Expense	Total Expenses / Acquisitions
Artım	-	-	-	-
Despec	14.745	-	410	15.155
İnbil	19.210	-	676	19.886
İndeks	70.841	3.333.841	192.432	3.597.114
İnfin	134.514	73.547	292.295	500.356
Neotech	-	-	-	-
Neteks	-	-	497	497
Teklos	2.163.071	-	47.502	2.210.573
TOTAL	**2.402.381**	**3.407.388**	**533.812**	**6.343.581**

There is no taken or given guarantee in between related parties.

c) Benefits and Services Provided for Senior Management

Account Name	December 31, 2016	December 31, 2015
Short-Term Benefits provided to Employees	1.767.080	1.873.896
Employment Termination Benefits	-	-
Other long term benefits	-	-
Total	**1.767.080**	**1.873.896**

Benefits and wages provided to Management Staff consist of general manager wages, assistant general manager wages.

38 NATURES AND LEVEL OF RISKS ARISING OUT OF FINANCIAL INSTRUMENTS

a) Capital risk management

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

The capital structure of the Group consists of debts containing the credits explained in note 8, cash and cash equivalents explained in note 6 and resource items containing respectively issued capital, capital reserves, profit reserves and profits of previous years explained in note 27.

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

The Group follows the capital by using debt/total capital rate. This rate is found by dividing the net debt by total capital.

The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the statement of financial position). Total capital is calculated as resources plus net debt as indicated in the statement of financial position.

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

The Group does not have any speculative financial instruments (including derivative financial instruments) and any operating activity of trade of these financial instruments.

b) Important Accounting Policies

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

c) Risks Exposed

Because of its operations, the Group is exposed to financial risks related to exchange rates and interest rates.
The Group as it holds the financial instruments also carry the risk of other party not meeting the requirements of the agreement.

Market risks seen at the level of Group are measured according to the sensitivity analysis principle. Market risks faced by the Group in current period or the process of undertaking the faced risks or the process of the measure of faced risks was not changed according to previous year.

c1) Foreign currency risk management

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

The Group is mainly exposed to foreign currency risk due to deposits, receivables, payables and financial liabilities. As stated below the Group management evaluates and monitors the balance of assets and liabilities in Turkish Lira currency as open position. According to this, the details of TL position risk as of December 31, 2016 and December 31, 2015 are as follows:

As of December 31, 2016 if the foreign exchange rates increase %10 while all other variables set fixed The Group would have amount of TL 65.291 (December 31,2015: TL 474.013) more Continued Operations Profit Before Tax.

Sensitivity Analysis for changes in Foreign Exchange Currencies Rate

As of December 31,2016	Profit / (Loss)	
	Increase in Foreign Exchange Rate against TL	**Decrease in Foreign Exchange Rate against TL**
10% changes USD against TL;		
1- USD Net Asset / (Liability)	83.267	(83.267)
2- Hedged amount against USD (-)	-	-
3- Net effect for USD (1+2)	**83.267**	**(83.267)**
10% changes Euro against TL;		
4- Euro Net Asset / (Liability)	(17.976)	17.976
5- Hedged amount against Euro (-)		
6- Net effect for Euro (4+5)	**(17.976)**	**17.976**
10% changes other currencies against TL;		
7- Other foreign currencies Net Asset / (Liability)	-	-
8- Hedged amount against other foreign currencies (-)	-	-
9- Net effect for other foreign currencies (7+8)	-	-
Total	**65.291**	**(65.291)**

Sensitivity Analysis for changes in Foreign Exchange Currencies Rate

As of December 31,2015	Profit / (Loss)	
	Increase in Foreign Exchange Rate against TL	**Decrease in Foreign Exchange Rate against TL**
10% changes USD against TL;		
1- USD Net Asset / (Liability)	(428.843)	**428.843**
2- Hedged amount against USD (-)	-	-
3- Net effect for USD (1+2)	**(428.843)**	**428.843**
10% changes Euro against TL;		
4- Euro Net Asset / (Liability)	(45.170)	45.170
5- Hedged amount against Euro (-)	-	-
6- Net effect for Euro (4+5)	**(45.170)**	**45.170**
10% changes other currencies against TL;		
7- Other foreign currencies Net Asset / (Liability)	-	-
8- Hedged amount against other foreign currencies (-)	-	-
9- Net effect for other foreign currencies (7+8)	-	-
Total	**(474.013)**	**474.013**

Table of Foreign Exchange Position

	December 31, 2016			December 31, 2015		
	Amount in TL	**USD**	**EURO**	**Amount in TL**	**USD**	**EURO**
1. Trade Receivables	2.286.888	649.832	-	3.301.899	1.135.513	88
2a. Monetary Financial Assets	428.051	117.391	4.024	1.594.449	548.230	131
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	312.322	88.748	-	51.577	17.739	-
4. Current Assets Total (1+2+3)	**3.027.261**	**855.971**	**4.024**	**4.947.925**	**1.701.482**	**219**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Fixed Assets Total (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	**3.027.261**	**855.971**	**4.024**	**4.947.925**	**1.701.482**	**219**
10. Trade Payables	(1.849.698)	(520.225)	(5.100)	(3.022.758)	(893.210)	(133.957)
11. Financial Liabilities	-	-	-	-	-	-
12a. Other Monetary Liabilities	(524.658)	(99.138)	(47.379)	(335.174)	(106.081)	(8.413)
12b. Other Non-Monetary Liabilities	-		-	-		-
13. Total Short Term Liabilities (10+11+12)	**(2.374.356)**	**(619.363)**	**(52.479)**	**(3.357.932)**	**(999.291)**	**(142.370)**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Total Long Term Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	**(2.374.356)**	**(619.363)**	**(52.479)**	**(3.357.932)**	**(999.291)**	**(142.370)**
19. Net Asset/ (Liability) Position of Derivative Instruments off the Statement of financial position (19a-19b)	-	-	-	(6.330.121)	(2.177.095)	-
19a. Total Amount of Hedged Assets	-	-	-	-	-	-
19b. Total Amount of Hedged Liabilities	-	-	-	6.330.121	2.177.095	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**652.905**	**236.608**	**(48.455)**	**(4.740.128)**	**(1.474.904)**	**(142.151)**
21. Monetary Items Net Foreign Exchange Asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**340.583**	**147.860**	**(48.455)**	**1.538.416**	**684.452**	**(142.151)**
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-			-		
23. The Amount of Hedged part of Foreign Exchange Assets	-	-	-	6.317.155	2.172.635	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	-	-	-	-	-	-
23. Export	-	-	-	1.168.015	-	-
24. Import	12.947.817	-	-	32.406.901	-	-

c2) Counterparty Risk

December 31, 2016	Receivables					Deposit at Banks and Reverse Repo	
	Trade Receivables		Other Receivables				
	Related Parties	Other	Related Parties	Other	Note		Note
Maximum credit risk incurred as of the date of reporting (A+B+C+D)	**346.868**	**216.572.066**	-	**71.028**		**43.883.804**	
- The part of maximum risk secured by guarantee etc.	-	151.878.180	-	-		-	
A. Net book value of financial assets which are undue or which did not decline in value	**346.868**	**216.221.332**	-	**71.028**	**10-11**	**43.883.804**	**6**
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or declined in value	-	350.734	-	-		-	
- The part secured by guarantee etc	-	-	-	-		-	
C. Net book values of assets declined in value	-	-	-	-	**10-11**	-	**6**
- Overdue (gross book value)	-	-	-	-		-	
- Decline in value (-)	-	1.728.923	-	-	**10-11**	-	**6**
- The part of net value secured by guarantee etc.	-	(1.728.923)	-	-	**10-11**	-	**6**
- Undue (gross book value)	-	-	-	-	**10-11**	-	**6**
- Decline in value (-)	-	-	-	-	**10-11**	-	**6**
- The part of net value secured by guarantee etc.	-	-	-	-	**10-11**	-	**6**
D. Elements containing credit risk off the statement of financial position							

December 31, 2015	Receivables					Deposit at Banks and Reverse Repo	
	Trade Receivables		Other Receivables				
	Related Parties	Other	Related Parties	Other	Note		Note
Maximum credit risk incurred as of the date of reporting (A+B+C+D)	**1.087.558**	**337.908.882**	-	**24.308**		**39.163.524**	
- The part of maximum risk secured by guarantee etc.	-	313.470.085	-	-		-	
A. Net book value of financial assets which are undue or which did not decline in value	**1.087.558**	**337.767.519**	-	**24.308**	**10-11**	**39.163.524**	**6**
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or declined in value	-	146.157	-	-		-	
- The part secured by guarantee etc	-	-	-	-		-	
C. Net book values of assets declined in value	-	-	-	-	**10-11**	-	**6**
- Overdue (gross book value)	-	-	-	-		-	
- Decline in value (-)	-	1.740.894	-	-	**10-11**	-	**6**
- The part of net value secured by guarantee etc.	-	(1.740.894)	-	-	**10-11**	-	**6**
- Undue (gross book value)	-	-	-	-	**10-11**	-	**6**
- Decline in value (-)	-	-	-	-	**10-11**	-	**6**
- The part of net value secured by guarantee etc.	-	-	-	-	**10-11**	-	**6**
D. Elements containing credit risk off the statement of financial position							

	Receivables	
December 31, 2016	**Trade Receivables**	**Other Receivables**
1-30 Days Overdue	321.056	-
1-3 Months Overdue	121.445	-
More than 3 Months Overdue	-	-
The part of net value secured by guarantee etc.	91.767	-

	Receivables	
December 31, 2015	**Trade Receivables**	**Other Receivables**
1-30 Days Overdue	133.838	-
1-3 Months Overdue	12.319	-
More than 3 Months Overdue	-	-
The part of net value secured by guarantee etc.	4.794	-

Credit Risk Management:

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

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

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

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

The information team involved in receivable and risk management department consists of 2 staff and this team is monitoring the dealers continuously.

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

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

(c3) Management of interest rate risk

The Group is exposed to interest risk due to its fixed interest financial instruments.

Table of Interest Position

	December 31, 2016	December 31, 2015
Fixed Interest Financial Instruments		
Financial Assets	38.212.297	35.155.487
Financial Liabilities	76.759.484	263.666.191
Floating Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2016 , loss before tax will be less with the amount of TL 385.472.

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2015 , loss before tax will be less with the amount of TL 2.285.107.

(c4) Liquidity risk management

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

Liquidity Risk Tables

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

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

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

December 31, 2016

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	**219.118.563**	**222.683.066**	**180.341.939**	**40.263.225**	**2.077.902**	-
Bank Loans	*76.759.484*	*79.085.378*	*36.744.251*	*40.263.225*	*2.077.902*	-
Trade Payables	*139.520.790*	*140.759.399*	*140.759.399*	-	-	-
Other Borrowings	*2.838.289*	*2.838.289*	*2.838.289*	-	-	-
Other	-	-	-	-	-	-

Foreign exchange purchase contract are not made by Group as of December 31, 2016.

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December 31, 2015

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	**357.972.164**	**383.710.174**	**148.491.852**	**155.562.386**	**79.655.935**	**-**
Bank Loans	*263.666.191*	*288.411.310*	*53.192.988*	*155.562.386*	*79.655.935*	-
Trade Payables	*91.971.253*	*92.964.144*	*92.964.144*	-	-	-
Other Borrowings	*2.334.720*	*2.334.720*	*2.334.720*	-	-	-
Other	-	-	-	-	-	-

Expected Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Financial Liabilities	**12.967**	**(91.874)**	**(91.874)**	**-**	**-**	**-**
Derivative Cash Inflows	*6.330.121*	*6.330.121*	*6.330.121*	-	-	-
Derivative Cash Outflows	*(6.317.154)*	*(6.421.995)*	*(6.421.995)*	-	-	-

(c5) Analyses of other Risks

Risks Related to Financial Instruments, Stocks Etc.

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

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

Aims at financial risk management

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

Fair Value of Financial Instruments

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

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

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

Monetary Assets

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

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

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

Monetary Liabilities

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

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

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

Fair Value Assessment:

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

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

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

Level 3: Inputs for the asset or liability that is not based on observable market data. It is predicted that net book value of foreign currency balances which are converted to TL at the end of the year are considered to approximate to their fair values.

The Group presents its financial investments with their fair values in the financial statements as of December 31, 2016 and December 31, 2015. (Level 2) **(Note: 7)**

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

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

40 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

None.

41 OTHER ISSUES

None.

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