

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

**Consolidated
Financial Statements**

And

Independent Auditors' Report

For the Period January 1, 2015 - December 31, 2015

(Originally Issued In Turkish)

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
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INDEPENDENT AUDIT REPORT

To The Board of Directors of

İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi**, its subsidiaries (together with "Group") which comprise the consolidated balance sheets at December 31, 2015 and the consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility for the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

GYM
G Ü R E L İ
YEMİNLİ MALİ MÜŞAVİRLİK VE
BAĞIMSIZ DENETİM HİZM. A.Ş.

www.gureli.com.tr

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

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

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

İzmir Ofisi
Atatürk Cad. Ekim Apt.
No:174/1 Kat:5 D:9
Alsancak/İzmir
T: (0232) 421 21 34
F: (0232) 421 21 67
gymizmir@gureli.com.tr

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

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

Gaziantep Ofisi
İncilipınar Mah. Muhammed Aksoy Bulvarı
Nispetiye Sok. No:11 F&H İş Merkezi
Kat:5 No:6 Şehitkamil/Gaziantep
T: (0342) 215 10 70 (pbx)
F: (0342) 215 10 69
gymgaziantep@gureli.com.tr

Bab Karadeniz Ofisi
Borazanlar Mahallesi
Mehmet Akif Ersoy Bulvarı
Akşemsettin Sokak
No:14/22 BOLU
T: (0374) 215 63 73 (pbx)
F: (0374) 212 47 64
gymbolu@gureli.com.tr



BAKER TILLY
GÜRELİ

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

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Opinion

In our opinion, the accompanying consolidated financial statements present fairly the financial position of **İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret Anonim Şirketi** and its subsidiaries as of 31 December 2015 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Turkish Accounting / Financial Reporting Standards ("IAS / IFRS") framework.

Other Responsibilities Arising From Regulatory Requirements

In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No:6102; auditor's report on the early risk identification system and comitee has been submitted to the company's Board of Directors on March 9, 2016.

In accordance with subparagraph 4 of Article 398 of the "TCC"; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2015 is not in compliance with the code and provisions of the Group's articles of association in relation financial reporting.

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

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

UASYM
GÜRELİ
YEMİNLİ MALİ MÜŞAVİRLİK ve
BAĞIMSIZ DENETİM HİZM. A.Ş.

Dr. Hakkı DEDE
Certified Public Accountant
Istanbul, March 9, 2016

www.gureli.com.tr

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

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

Antalya Ofisi
Çoğlayan Mah. Bannaklar
Bulvarı No: 48 K: 2 D: 3
07160 Lara/Antalya
T: (0242) 324 30 14
F: (0242) 324 30 15
gymantalya@gureli.com.tr

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

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

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

Gaziantep Ofisi
İncilipınar Mah. Muammer Aksoy Bulvarı
Nisantep Sok. No:11 F&H İş Merkezi
Kat:5 Blok:6 ŞehiKam/ Gaziantep
T: (0342) 215 10 70 (pbx)
F: (0342) 215 10 69
gymgaziantep@gureli.com.tr

Bahçe Karadeniz Ofisi
Borazanlar Mahallesi
Mehmet Akif Ersoy Bulvarı
Akşemsettin Sokak
No:14/22 BOLU
T: (0374) 215 63 73 (pbx)
F: (0374) 212 47 64
gymbolu@gureli.com.tr

BALANCE SHEET (TL)

		Audited	Audited
	Notes	31 December 2015	31 December 2014
ASSETS			
Current Assets		1.257.203.521	962.107.748
Cash and Cash Equivalents	6	136.763.531	111.965.405
Financial Investments	7	-	-
Trade Receivables	10	881.469.750	636.440.126
- Receivables from Related Parties	10-37	2.410.177	2.612.603
- Other	10	879.059.573	633.827.523
Other Receivables	11	682.586	860.472
- Receivables from Related Parties	11-37	346.748	274.998
- Other	11	335.838	585.474
Derivative Financial Instruments	12	-	165.039
Inventories	13	206.642.916	170.285.057
Prepaid Expenses	15	8.502.277	7.263.191
Assets Relating to Current Period Tax	25	-	2.366
Other Current Assets	26	23.142.461	35.126.092
Non-Current Assets		129.511.471	97.629.742
Financial Investments	7	63.605	63.605
Trade Receivables	10	67.085.142	43.872.812
- Receivables from Related Parties	10-37	-	-
- Other	10	67.085.142	43.872.812
Other Receivables	11	51.685	51.685
- Receivables from Related Parties	11-37	-	-
- Other	11	51.685	51.685
Investments Evaluated by Equity Method	16	10.193.899	9.053.260
Investment Properties	17	30.571.138	30.597.609
Tangible Fixed Assets	18	6.840.916	8.472.157
Intangible Fixed Assets	19	5.233.861	2.274.424
- Goodwill	19	1.897.699	1.897.699
- Other	19	3.336.162	376.725
Deferred Tax Assets	35	9.471.225	3.244.190
Total Assets		1.386.714.992	1.059.737.490

The accompanying notes are integral parts of the financial statements.

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015
BALANCE SHEET (TL)

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	Note	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES			
Short-Term Liabilities		1.108.294.894	843.017.116
Short-Term Borrowings	8	58.684.728	42.252.403
Short-Term Portion of Long-Term Borrowing	8	196.577.011	49.349.734
Other Financial Liabilities	9	-	-
Trade Payables	10	719.866.860	683.603.073
-Trade Payables to Related Parties	10-37	162.404	15.896
-Other	10	719.704.456	683.587.177
Liabilities in the Scope of Employee Benefits	20	485.108	566.066
Other Payables	11	6.811.278	3.969.207
-Other Payables to Related Parties	11-37	-	-
-Other Payables to Non-Related Parties	11	6.811.278	3.969.207
Derivative Financial Instruments	12	165.962	-
Deferred Earnings	15	81.772.126	29.854.926
Current Period Profit Tax Liability	35	5.598.029	5.619.205
Short-Term Provisions	22	38.333.792	27.802.502
-Other Short-Term Provisions	22	38.333.792	27.802.502
Other Short-Term Liabilities	26	-	-
Long-Term Liabilities		70.580.673	44.797.076
Long-Term Borrowings	8	67.160.341	41.804.265
Long-Term Provisions Regarding Employee Benefits	24	3.293.817	2.783.123
Deferred Tax Liabilities	35	126.515	209.688
SHAREHOLDER'S EQUITY		207.839.425	171.923.298
Shareholders' Equity Related to Parent Company	27	178.642.621	152.798.427
Paid-in Capital		56.000.000	56.000.000
Share Capital Adjustments		1.064.323	1.064.323
Withdrawn Shares (-)		(634.290)	(634.290)
Share Premiums		-	-
Non-Reclassification to profit or loss Accumulated Other Comprehensive Income or Expenses		(374.350)	(198.766)
- Defined Benefit Plans and Measurement Revaluation Gains / Losses		(374.350)	(198.766)
Reclassification to profit or loss Accumulated Other Comprehensive Income or Expenses		11.404.396	9.065.695
- Foreign Currency Translation Differences		11.404.396	9.065.695
- Hedging	12	-	-
Restricted Reserves Assorted from Profit		12.605.752	9.957.469
Previous Years' Profit/(Loss)		53.656.587	52.370.539
Net Profit/(Loss) for the Period		44.920.203	25.173.457
Non-Controlling Interests	27	29.196.804	19.124.871
TOTAL LIABILITIES		1.386.714.992	1.059.737.490

The accompanying notes are integral parts of the financial statements.

GYM
GÜREL
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BAĞIMSIZ DENETİM HİZM. A.Ş.

COMPREHENSIVE INCOME STATEMENT (TL)

	Note	Audited January 1, 2015- December 31, 2015	Audited January 1, 2014- December 31, 2014
CONTINUED OPERATIONS			
Sales	28	3.384.690.880	2.206.019.328
Cost of Sales (-)	28	(3.231.879.393)	(2.103.438.874)
GROSS PROFIT		152.811.487	102.580.454
General Administrative Expenses (-)	29	(30.868.074)	(29.292.476)
Marketing, Sales and Distribution Expenses(-)	29	(30.272.070)	(19.283.597)
Other Operating Income	31	97.669.633	88.177.079
Other Operating Expenses (-)	31	(98.408.039)	(83.649.695)
OPERATING PROFIT		90.932.937	58.531.765
Share in Profit / (Loss) of Investments Evaluated According to Equity Method		(975.527)	767.290
Income from Investing Operations	32	49.929	8.829
Expenses from Investing Operations (-)	32	-	(17.941)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSES		90.007.339	59.289.943
Financial Income	33	17.584.771	797.947
Financial Expenses (-)	33	(38.260.479)	(22.584.911)
CONTINUED OPERATIONS PROFIT BEFORE TAXATION		69.331.631	37.502.979
Continued Operations Tax Income / (Expense)		(14.182.218)	(7.751.532)
- Tax Income / (Expense) for the Period	35	(20.447.333)	(9.692.518)
- Deferred Tax Income / (Expense)	35	6.265.115	1.940.986
Distribution of Profit / (Loss) of the Period		55.149.413	29.751.447
Non-Controlling Interest		10.229.210	4.577.990
Parent Company Share		44.920.203	25.173.457
Earnings / (Loss) Per Share	36	0,802146	0,449526
OTHER COMPREHENSIVE INCOME:		2.005.840	169.947
Items Not To Be Reclassified in Profit / Loss		(180.375)	(1.958)
Actuarial Gains and Losses from Retirement Plans		(175.584)	(7.898)
Minority Actuarial Gains and Losses		(4.791)	5.940
Items To Be Reclassified in Profit / Loss		2.186.215	171.905
Foreign Currency Exchange Differences		2.186.215	171.905
Cash Flow Hedge Gains / Losses	12-27	-	-
Distribution of Other Comprehensive Income		57.155.253	29.921.394
Non-Controlling Interest		10.071.933	4.277.169
Parent Company Share		47.083.320	25.644.225

The accompanying notes are integral parts of the financial statements.

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

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STATEMENT OF CASHFLOWS (TL)

	Notes	Audited January 1, 2015- December 31, 2015	Audited January 1, 2014- December 31, 2014
A) CASH FLOW PROVIDED FROM OPERATIONS		(118.723.145)	(25.383.676)
Period Profit/(Loss)		55.149.413	29.751.447
Corrections Regarding Period Profit/Loss Reconciliations		64.331.137	47.753.573
Corrections Regarding Depreciation and Amortization	17-18-19	2.559.592	2.346.456
Profit (+) / Loss from Sale of Fixed Assets	18-19	(49.929)	17.941
Increase in Termination Indemnity Provision (+)	24	1.120.870	1.098.568
Termination Indemnity Payments (-)	24	(835.644)	(986.133)
Receivables Rediscount Amount (+)	10	16.431.583	10.980.568
Increase (+) / Decrease (-) in Provision for Debts	22	10.531.290	8.425.796
Prediscount on Debts (-)	10	(3.721.260)	(143.883)
Provision for Doubtful Receivables for Current Period (+)	10	1.890.484	570.489
Provision for Nullified Doubtful Receivables (-)	10	(61.657)	(286.722)
Provision for Decrease in Value of Inventories (+)	13	2.096.206	396.009
Interest Expenses (+)	31-33	71.062.558	40.398.408
Interest Income (-)	31-33	(50.875.174)	(22.815.456)
Tax Income / Expenses(-)		14.182.218	7.751.532
Operational Income Before Changes in Working Capital:		(281.951.425)	(105.140.871)
Corrections Relating to Changes in Inventory	13	(38.454.065)	(23.997.558)
Increase in Trade Receivables /Other Receivables (-)	10-11	(286.324.478)	(244.627.984)
Increase in Financial Assets Ready for Sale (-)		-	-
Increase in Trade Payables /Other Payables (-)	10-11	42.827.118	163.484.671
Cash Inflow Provided/(Used) From Operating Activities:		(162.470.875)	(27.635.851)
Increase (-) / Decrease (+) in Other Current Assets	26	11.983.631	(1.801.636)
Cash Assets from Consolidation		-	-
Decreases in Other Liabilities (-) / Increase (+)	26	-	-
Other Changes (+)/(-)		52.232.608	9.548.505
Tax Payments (-)		(20.468.509)	(5.494.694)
B) NET CASH USED IN INVESTMENT OPERATIONS		(3.811.388)	(8.516.565)
Net Tangible Assets Purchases (-)		-	-
Investment property (-)	17	-	(128.713)
Cash Inflow from sale of Tangible and Intangible Assets	18-19	80.567	101.397
Purchase of Assets from Financial Lease (-)	18-19	(711.735)	(2.556.292)
Cash Outflow from sale of Tangible and Intangible Assets	18-19	(3.180.220)	(5.932.957)
C) CASH FLOW RELATING TO FINANCIAL ACTIVITIES		147.329.173	71.501.007
Change in Short Term Financial Liabilities (+)	8	163.659.602	54.071.390
Change in Long Term Financial Liabilities (+)	8	25.356.076	38.151.891
Dividends Payments (-)		(21.239.126)	(3.126.257)
Interest Payment (-)		(20.447.379)	(17.596.017)
Hedging		-	-
NET INCREASE / DECREASE OF CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATIONS		24.794.640	37.600.766
NET INCREASE / DECREASE OF CASH AND CASH EQUIVALENTS		24.794.640	37.600.766
D. BEGINNING BALANCE of CASH and CASH EQUIVALENTS	6	111.958.593	74.357.827
ENDING BALANCE of CASH and CASH EQUIVALENTS	6	136.753.233	111.958.593

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (TL)

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	Notes	Paid in Capital	Withdrawn Shares	Share Premiums	Non-Reclassification to profit or loss Accumulated		Reclassification to profit or loss Accumulated		Accumulated Profit		Net Period Profit / (Loss)	Shareholders' Equity Related to Parent Company	Non-Controlling Interests	Total Equity
					Defined Benefit Plans and Measurement Revaluation Gains / Losses	Other Gains/ (Losses)	Foreign Currency Translation Differences	Hedging Gains/ (Losses) Translation Differences	Equity Translation Differences	Restricted Reserves from Profit	Previous Years' Profit / (Loss)			
January 1, 2015	Note-27	56,000,000	(634,290)	-	(198,766)	-	9,065,695	-	1,064,323	9,957,469	53,370,539	25,173,457	19,124,871	171,923,298
Transfer of Previous Years' Profit		-	-	-	-	-	-	-	-	-	25,173,457	-	-	-
Transfers to Reserves		-	-	-	-	-	-	-	-	2,648,283	(2,648,283)	-	-	-
Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid		-	-	-	-	-	-	-	-	-	(21,239,126)	-	-	-
Increase/Decrease Related to Share Withdrawal Transactions		-	-	-	-	-	-	-	-	-	-	(21,239,126)	-	(21,239,126)
Total Comprehensive Income		-	-	-	(175,584)	-	2,338,701	-	-	-	-	44,920,203	10,071,933	57,155,253
Foreign Currency Translation Differences		-	-	-	-	-	2,338,701	-	-	-	-	2,338,701	(152,486)	2,186,215
Period Profit		-	-	-	-	-	-	-	-	-	-	44,920,203	10,229,210	55,149,413
Actual Gains and Losses from Retirement Plans		-	-	-	(175,584)	-	-	-	-	-	-	(175,584)	(4,791)	(180,375)
December 31, 2015	Note-27	56,000,000	(634,290)	-	(374,350)	-	11,404,396	-	1,064,323	12,605,752	53,656,587	44,920,203	29,196,804	207,839,425
January 1, 2014	Note-27	56,000,000	(634,290)	-	(190,868)	-	8,587,029	-	1,064,323	9,419,919	50,845,891	5,188,455	14,847,702	145,128,161
Transfer of Previous Years' Profit		-	-	-	-	-	-	-	-	-	5,188,455	-	-	-
Transfers to Reserves		-	-	-	-	-	-	-	-	537,550	(537,550)	-	-	-
Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid		-	-	-	-	-	-	-	-	-	(3,126,257)	-	-	-
Increase/Decrease Related to Share Withdrawal Transactions		-	-	-	-	-	-	-	-	-	-	(3,126,257)	-	(3,126,257)
Total Comprehensive Income		-	-	-	(7,898)	-	478,666	-	-	-	-	25,173,457	4,277,169	29,921,394
Foreign Currency Translation Differences		-	-	-	-	-	478,666	-	-	-	-	478,666	(306,761)	171,905
Hedging Gains/Losses		-	-	-	-	-	-	-	-	-	-	-	-	-
Period Profit		-	-	-	-	-	-	-	-	-	-	25,173,457	4,577,090	29,751,447
Actual Gains and Losses from Retirement Plans		-	-	-	(7,898)	-	-	-	-	-	-	(7,898)	5,040	(1,958)
December 31, 2014	Note-27	56,000,000	(634,290)	-	(198,766)	-	9,065,695	-	1,064,323	9,957,469	53,370,539	25,173,457	19,124,871	171,923,298

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



İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

1 ORGANIZATION AND BUSINESS SEGMENT

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

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

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Datagate Bilgisayar Malzemeleri A.Ş. (Datagate)	Purchasing and Selling of Computer and Equipment	10.000.000	59,24	59,24
Neotech Teknolojik Ürünler Dağ. A.Ş. (Neotech)	Purchasing and Selling of Home Electronic Products	1.000.000	80,00	80,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos)	Logistics	5.000.000	99,99	99,99
Artım Bilişim Çözüm ve Dağıtım A.Ş. (Artım)	Purchasing and Selling of Spare Parts of IT Products	1.210.000	51,00	51,00
İndeks International FZE (*) (İndeks FZE)	Purchasing and Selling of Computer and Equipment	150.000 UAE Dirham	100	100
Datagate International FZE (***) (Datagate FZE)	Purchasing and Selling of Computer and Equipment	150.000 UAE Dirham	-	59,24

Details regarding to Company's joint ventures, which are subject to consolidation, are as follows:

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

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

The main shareholders of the Company are Nevres Erol Bilecik (%36,26). The average number of employees for the year 2015 is 325. (2014: 330). All of the personnel carry out administrative duties.

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

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2 BASIS OF PRESENTATION

2.01 Basis of Presentation

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

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

The Group's consolidated financial statements between the dates of 1 January-31 December 2015 are approved by the board of the directors on the date of 9 March 2015. The General assembly and the relevant legal entities have the authority to change these consolidated financial statements

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

As the date of 31 December 2015, the currency of non-monetary items in prepared financial statements are accepted as USD until 30 June 2013. The transactions after this date accounted as TL due to change in functional currency USD to TL.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

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

2.03 Consolidation Principles

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

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

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

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

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

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The current shares in the subsidiaries are as follows:

Company Name	Field Of Operations	Capital	% of Direct Ownership	% of Indirect Ownership
Datagate Bilgisayar Malzemeleri A.Ş.	Purchasing and Selling of Computer and Equipment	10.000.000	59,24	59,24
Neotech Teknolojik Ürünler Dağ. A.Ş.	Purchasing and Selling of Home Electronic Products	1.000.000	80,00	80,00
Teklos Teknoloji Lojistik Hizmetleri A.Ş.	Logistics	5.000.000	99,99	99,99
İnfin Bilgisayar Ticaret A.Ş.	Purchasing and Selling of Computer and Equipment	50.000	99,80	99,80
Artım Bilişim Çözüm ve Dağıtım A.Ş.	Purchasing and Selling of Spare Parts of IT Products	1.210.000	51,00	51,00
İndeks International FZE (**) (İndeks FZE)	Purchasing and Selling of Computer and Equipment	150.000 BAE Dirhemi	100	100
Datagate International FZE (***) (Datagate FZE)	Purchasing and Selling of Computer and Equipment	150.000 BAE Dirhemi	-	59,24

Details regarding to Group's joint ventures, which are subject to consolidation by equity method, are as follows:

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

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

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

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

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

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

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

Financial Information of Companies which are not Consolidated

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

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Subsidiary	Participati on Rate %	Opening Amount	Translation Differences	31 December 2015
İfin Bilgisayar Ticaret A.Ş.	99,8	63.605	-	63.605
Total		63.605	-	63.605

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

Comparison between financial outcomes of companies which are not subjected to consolidation and financial outcomes of consolidated financial statements as of December 31, 2015 is as follows;

Financial Outcomes of 2015	Total Asset	Total Equity	Net Sales	Period Income
Companies which are not subjected to consolidation	2.161.269	415.211	11.727.331	747.818
Consolidated Financial Statements	1.386.714.992	207.839.425	3.384.690.880	44.920.203
%	0,16%	0,20%	0,35%	1,66%

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

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

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

2.04 Comparative Information and Adjustment of the Previous Period Financial Statements

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

2.05 Offsetting

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

2.06 Changes in Accounting Policies

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

2.07 Changes in Accounting Estimates and Errors

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

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

IAS 21 The Effects of Changes in Foreign Exchange Rates Standard defines that functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency: the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services and the currency that mainly influences labor, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled). The Group management reviews accounting estimations about functional currency and accounting policies in every period. According to the evaluation made in this context the current period realizations and future realizations the Group has changed its functional currency to the TL as of July 1, 2013.

2.08 Summary of Significant Accounting Policies

2.08.01 Income

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

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

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

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

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

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

2.08.02 Inventories

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

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

2.08.03 Tangible Fixed Assets

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

Type	December 31, 2015 Rate (%)	December 31, 2014 Rate (%)
Land Improvements	10	10
Buildings	2	2
Machinery, Plant and Equipment	10-25	10-25
Motor Vehicles	10-25	10-25
Furniture and Fixtures	10-33	10-33
Leasehold Improvements	10-33	10-33

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

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

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

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

2.08.04 Intangible Assets

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

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

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

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

2.08.05 Impairment of Assets

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

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

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consist of vehicles and furniture&fixtures for administrative purposes. These assets' insurance values and replacement values are over their book values.

2.08.06 Research and Development Expenses

None.

2.08.07 Borrowings Costs

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

2.08.08 Financial Instruments

(i) Financial Assets

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

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

Prevailing Interest Method;

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

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

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

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

b) Financial Assets Which Will Be Held to the Maturity

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

c) Financial Assets Available-For-Sale

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

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

d) Loans and Receivables

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

Impairment of financial assets

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

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

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

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

Cash and Cash Equivalents

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

(ii) Financial Liabilities

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

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

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

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

b) Other Financial Liabilities

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

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

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calculation of the amortized costs of the financial liabilities and the distribution of the related interest expenses to related periods.

(iii) Derivative Financial Instruments

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

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

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

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

2.08.09 Effects of Currency Fluctuations

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

2.08.10 Earnings per Share

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

2.08.11 Subsequent Events

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

2.08.12 Provisions, Contingent Liabilities and Assets

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

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

2.08.13 Leasing Operations

The Group as Lessee

Financial Leases

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

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

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

Operating Leases

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

The Group as Lessor

Operating Leases

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

2.08.14 Related Party Disclosures

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

2.08.15 Government Grants and Assistance

None.

2.08.16 Investment Property

Investment properties are recognised according to the following principle as of December 31,2015 and December 31,2014.

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

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

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

2.08.17 Taxation and Deferred Tax

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

Current tax

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

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Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

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

Offsetting Tax Income and Liabilities

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

2.08.18 Retirement Pay

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

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

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2.08.19 Statement of Cash Flow

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

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

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

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

2.08.20 Income Accruals

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

2.08.21 Provisions for Warranty

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

2.09 New and Revised Turkish Financial Reporting Standards

New effective standards, revisions and comments as of January 1, 2015 are below:

The accounting policies adopted in financial tables of the period ending as of December 31, 2015 has been applied as of January 1, 2015 coherently with the new and revised effective standards and the comments used in previous years except the ones by IFRIC. These standards and comments had no effect on financial situation and performance of Group.

- IAS 19 Plans of Identified Benefits: Employee Benefits (Revision): The revision explains that companies may recognize the contributions invested by extracting the service cost in the year the services are given instead of extending such contributions to service periods if the contributions invested are independent from the number of years in which the services are given. This revision did not have any effects on the financial tables. The revision shall be applied retrospectively, as of July 1, 2014 and the annual accounting periods starting afterwards.

Annual Improvements – 2010-2012 Period

The annual improvements identified below are effective for the accounting periods starting after July 1, 2014.

- IFRS 2 "Share-based Payment" (Revision): The definitions about the provisions for progress payment have been changed and performance provisions and service provisions have been identified to solve the problems. The revision shall be applied retrospectively. The revision had no effect on the financial tables.

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- IFRS 3 "Business Combinations" (Revision): Conditional cost which is not classified as equity capital in a business combination is recognized as profit or loss in the upcoming periods by fair value measurement no matter if it is included in IFRS 9 Financial Instruments or not. The revision had no effect on financial tables.
- IFRS 8 "Operational Segment" (Revision): Operational segments include provisions related to combining the standard consistently with main principals, and conformity between operational assets and total assets. The revision had no effect on financial tables.
- IAS 16 "Property, Plant, and Equipment" and IAS 38 "Intangible Assets" (Revision): The way in which the reassessment is done has been clarified. The revision had no effect on the financial tables.
- IAS 24 "Related-Party Disclosures" (Revision): Revision has clarified that the executive company that provides services as key management personnel is a party that is subjected to company's related party explanations. The revision shall be applied retrospectively.

Annual Improvements – 2011- 2013 Period

- IFRS 3 "Business Combinations" (Revision): It has been clarified that joint agreements are also included in IFRS 3 besides business combinations and this exception is applicable by recognizing the financial tables of joint agreements. The revision had no effects on the financial tables.
- IFRS 13 "Decision Justifications for Fair Value Measurement": It has been explained that portfolio exception can be applied not only to financial assessment and financial obligations but also to other agreements included in IAS 39. The revision had no effects on financial tables.
- IAS 40 "Investment Property" (Revision): It clarifies the mutual relationship between IFRS 3 and IAS 40 in classification of property as investment property and property used by its owner. The revision had no effects on financial tables.

Issued but non-effective standards and the standards which are not put into effect earlier

The standards and revisions that have been issued as of the date when the financial tables were confirmed but haven't been put into effect yet for the current reporting period and have not been put into effect earlier by Grup are below. Unless indicated otherwise, after the new standards and comments are put into effect, Grup is going to make the necessary revisions in a way that will affect its financial tables and footnotes.

- IFRS 9 Financial Instruments (Classification and Explanation)

Its effect has been postponed until January 1, 2018. The revision shall affect the classification and measurements of financial assets, and the measurements of financial commitments which is measured by reflecting the fair value on the profit or loss. Earlier application is permitted. The possible effects on financial tables are being evaluated.

- IFRS 11 Obtaining Shares in Joint Activities (Revision)

It has been revised to be a guide for share obtaining accounting in joint activities whose operation constitutes a business. The revisions shall be applied to the annual accounting periods which are after January 1, 2016 prospectively. The revision shall have no effects on financial tables.

- IAS 16 and IAS 38 Acceptable Depreciation and Clarification of Depreciation Methods (Revision)

The revisions has forbidden the depreciation accounting for financial tangible properties and limited the use of depreciation accounting based on revenue for non-financial tangible significantly. The revisions shall be applied to the annual accounting periods which are after January 1, 2016 prospectively. The revision shall have no effects on financial tables.

- Sales or contributions of assets between an investor and its associate or joint venture (IFRS 10, IAS 28 Revisions)

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The revisions are about the relationships of consolidation and equity capital method applications. It is about the accounting periods which are after January 1, 2016. Earlier effect is permitted. No effects by the revisions on the financial tables are expected.

- Equity Capital Management in Individual Financial Tables (IAS 27- Revisions)

The revisions permits that the equity capital management is used in individual financial tables. It regards to the accounting periods which are after January 1, 2016 and it shall be applied retrospectively. No effects by the revisions on the financial tables are expected.

- IFRS 14 Regulatory Deferral Accounts

According to IFRS Deferment Account Based on Regulation, IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to recognize, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous generally accepted accounting standards, both on initial adoption of IFRS and in subsequent financial statements. IFRS 14 caused some changes in related parts of IFRS 1 standards. Earlier effect is permitted. No effects by the revisions on the financial tables are expected.

- Presentation of Financial Statements (IAS 1- Revisions)

It clarifies the requirements provided in IAS 1. It concerns the accounting periods which are after January 1, 2016 and earlier effect is permitted. No effects by the revisions on the financial tables are expected.

- Investment entities : Application of Consolidation Exemption (IFRS 10, IFRS 12 and IAS 28 – Revisions)

As a result of the revision, it is permitted that interference investment entities are consolidated. It is about the accounting periods which are after January 1, 2016 and it shall be applied prospectively. No effects by the revisions on the financial tables are expected.

- Agriculture: Bearer plants (IAS 16 and IAS 41 Revisions)

The bearer plants have been extracted from IAS 41 "Agricultural Operations" standard and included to IAS 16 "Financial Tangible Assets" standard for the measurement and explanation necessities of the bearer plants. Therefore, a company may measure the bearer plants as its cost. However, the goods on bearer plants shall be continued to be measured by extracting sales costs from their fair value. The revisions shall be valid for the annual accounting periods which are after January 1, 2016 and they shall be applied prospectively. Early application of the standard is permitted. No effects by the revisions on the financial tables are expected.

Annual Improvements – 2012-2014 Period

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (Revision)

It gives annotations regarding the cases where tangible assets held for sale are classified as an asset held for distribution to owners or the other way around and the cases where the assets are stopped being held for distribution to owners. The revisions shall be valid for the annual accounting periods which are after January 1, 2016 and they shall be applied prospectively and early application of the standard is permitted.

- IFRS 7 "Financial Instruments: Explanations" (Revision)

It gives additional information to clarify if a service agreement is continuation of transferred assets and netting in interim financial reports. The revisions shall be valid for the annual accounting periods which are after January 1, 2016 and they shall be applied prospectively and early application of the standard is permitted.

- IAS 34 "Interim Financial Reporting" (Revisions)

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It clarifies the explanation 'in another segment in interim financial reporting'. It shall be valid for the annual accounting periods which are after January 1, 2016 and they shall be applied prospectively and early application of the standard is permitted.

- IAS 19 "Employee Benefits" (Revision)

I outlines that the market depth of high quality corporate bills shall be evaluated in the currency of the country the debt has been carried to, rather than currency of the country the debt exists. It shall be valid for the annual accounting periods which are after January 1, 2016 and they shall be applied prospectively and early application of the standard is permitted. Summary of the new and corrected standards, revisions and comments issued by International Accounting Standards Institution ("UMSK") but have not been issued by Public Oversight Accounting and Auditing Standards Authority ("KGK"):

- IFRS 15 "Revenue from Contracts with Customers": IASB has published IFRS 15 Revenue from Contracts with Customers standard in May, 2014. The new five-step model in the standard explains the necessities related to revenue recognition and measurement. The standard constitutes a model for recognition and measurement of the sales of some non-financial assets (for example financial tangible asset outlet) which shall be applied to revenue from customers and which are not related to usual operations of a company. IFRS 15 shall be applied to the annual accounting periods which come after January 1, 2018. Early application shall be possible. It is possible effects on financial tables are being evaluated.
- IFRS 9 "Financial Instruments" (Final Standard): This standard is a replacement of IAS 39 standard which was about classification and measurement of assets and obligations. IFRS 9 presents two models related to depreciated value and fair value. While all of the equity instruments are measured by its fair value, debt instruments are measured by depreciated value if the contractual cash revenue is collected by the Company and this cash revenue includes the interest and the capital. For the obligations, the standard maintains many applications including depreciated cost management and disintegration of embedded derivatives. It shall be applied on January 1, 2018 or to the annual accounting periods which come after January 1, 2018. It is possible effects on financial tables are being evaluated.
- IFRS 16 "Leases": IAS 17, IFRS Comment 4, IAS Comment 15 and IAS Comment 27 shall be abolished with the standard issued in January, 2016 being put into effect. IFRS 16 shall be applied to the accounting periods starting on January 1, 2019 and the accounting periods coming after this date. Early application is permitted. The company choosing the early application have to apply IFRS 15 standard early, too. It is possible effects on financial tables are being evaluated.

3 BUSINESS COMBINATIONS

Current Year

None.

Previous Period

None.

4 BUSINESS PARTNERSHIPS

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

Financial Statement Item	December 31, 2015	December 31, 2014
Current Assets	147.492.938	106.158.657
Non-current Assets	469.809	331.957
Total Assets	147.962.747	106.490.614
Short-term Liabilities	128.707.827	89.539.793
Long-term Liabilities	100.673	77.853
Shareholders' Equity	19.154.247	16.872.968
Total Shareholders' Equity	147.962.747	106.490.614

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Financial Statement Item	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Sales	320.926.487	240.561.029
Gross Profit	15.671.665	13.632.647
Operating Profit	11.013.474	9.080.445
Net Profit	(1.951.051)	1.534.580

5 REPORTING FINANCIAL INFORMATION BY SEGMENTS AND GEOGRAPHIC AREAS

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

January 1-December 31, 2015

Income Statements	Information Technologies	Telecom	Logistics	Total	Elimination	Consolidated
Non Interdepartmental Revenue	2.302.154.024	1.077.380.498	5.156.358	3.384.690.880	-	3.384.690.880
Interdepartmental Revenue	-	-	23.142.790	23.142.790	(23.142.790)	-
Sales Revenue	2.302.154.024	1.077.380.498	28.299.148	3.407.833.670	(23.142.790)	3.384.690.880
Cost of Sales (-)	(2.191.468.395)	(1.040.009.690)	(401.308)	(3.231.879.393)	-	(3.231.879.393)
Gross Profit / Loss	110.685.630	37.370.808	27.897.839	175.954.277	(23.142.790)	152.811.487

January 1 - December 31, 2014

Income Statements	Information Technologies	Telecom	Logistics	Total	Elimination	Consolidated
Non Interdepartmental Revenue	1.901.678.269	300.169.328	4.171.730	2.206.019.328	-	2.206.019.328
Interdepartmental Revenue	-	-	11.606.656	11.606.656	(11.606.656)	-
Sales Revenue	1.901.678.269	300.169.328	15.778.387	2.217.625.984	(11.606.656)	2.206.019.328
Cost of Sales (-)	(1.813.411.290)	(288.423.609)	(1.603.975)	(2.103.438.874)	-	(2.103.438.874)
Gross Profit / Loss	88.266.979	11.745.719	14.174.412	114.187.110	(11.606.656)	102.580.454

6 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are as follows:

Account Name	December 31, 2015	December 31, 2014
Cash	170.304	75.124
Bank (Demand Deposits)	12.467.815	10.018.424
Financial Assets held until Maturity (Reverse Repo)	123.616.698	101.128.147
Credit card slips	508.714	743.710
Total	136.763.531	111.965.405

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

Maturity of reverse repo transactions were 1 day and interest income of 10.298 TL was accrued. Reverse repo transaction currency was made in TL, USD and EURO and interest rate of reverse repo transactions for USD were % 0,21-0,72 , for TL is % 4,25 – 8,93 and for EURO is % 0,60 as of December 31,2015.

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Maturity of reverse repo transactions were 1-3 days and interest income of 6.812 TL was accrued. Reverse repo transaction currency was made in TL and USD and interest rate of reverse repo transactions for USD were % 0,72 - 0,77 and for TL is % 3,29 – 8,84 as of December 31, 2014.

There are no liens and blocked amounts on cash and cash equivalents as of December 31, 2015 (December 31, 2014: None.)

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

Account Name	December 31, 2015	December 31, 2014
Cash and Equivalents	136.763.531	111.965.405
Accrued Interest Income (-)	(10.298)	(6.812)
Total	136.753.233	111.958.593

7 FINANCIAL ASSETS & INVESTMENTS

Short- Term Financial Assets & Investments

None.

Long –Term Financial Assets & Investments

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

Details of Financial Assets Available for Sale are as follows:

	December 31, 2015	December 31, 2014
Shares	63.605	63.605
- Quoted Companies' Shares	-	-
-Unlisted Companies' Shares	63.605	63.605
Total	63.605	63.605

Unlisted share investments are as follows;

Company Name	December 31, 2015 Share Amount	Rate (%)	Company Name	December 31, 2014 Share Amount
Infin A.Ş.	63.605	99,80		63.605
Total	63.605			63.605

Summary of financial information related to unlisted share investments;

December 31, 2015

Company Name	Total Asset	Total Liabilities	Total Equity	Net Sales	Profit for the period
Infin A.Ş.	2.161.269	1.746.058	415.211	11.727.331	747.818
Total	2.161.269	1.746.058	415.211	11.727.331	747.818

December 31, 2014

Company Name	Total Asset	Total Liabilities	Total Equity	Net Sales	Profit for the period
Infin A.Ş.	3.627.236	3.959.843	(332.607)	12.277.224	(228.130)
Total	3.627.236	3.959.843	(332.607)	12.277.224	(228.130)

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

Short-Term financial liabilities are as follows:

Account Name	December 31, 2015	December 31, 2014
Bank Loans	57.637.870	41.281.153
Financial Lease Payables	1.140.059	1.196.434
Interest Payables Of Deffered Lease Cost (-)	(93.201)	(225.184)
Total	58.684.728	42.252.403

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

Account Name	December 31, 2015	December 31, 2014
Short.Por.Long-Term Liab.	196.577.011	49.349.734
Total	196.577.011	49.349.734

Our associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s 4.040 TL from their short term credits and 196.577.011 TL from their short term part of their long term credits have been used for 12, 24 and 36 months contract campaign cell phones' financing. All these credits are under the guarantee of Avea İletişim Hizmetleri A.Ş. . At the same time Avea İletişim Hizmetleri A.Ş collects receivables of devices from their subscribers. Our company use credit for assign the receivables which arise as a result of our device sales to financial corporations. Required by the assignment, capital and amount of interest of the credit have been paid by Avea İletişim Hizmetleri A.Ş at it's maturity.

The transferred receivables which are collected by Avea İletişim Hizmetleri are received through the disposition and the irrevocable to the factoring firms as from October 2015. According to the disposition conditions, the amount of loan's and factoring's principal and interests are paid by Avea İletişim Hizmetleri at their maturity.

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

Account Name	December 31, 2015	December 31, 2014
Bank Loans	67.085.140	40.905.768
Financial Lease Payables	76.331	992.178
Interest Payables Of Deffered Lease Cost (-)	(1.130)	(93.681)
Total	67.160.341	41.804.265

Our associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s all long term credits have been used for 12, 24 and 36 months contract campaign cell phones' financing. All these credits are under the guarantee of Avea İletişim Hizmetleri A.Ş. . At the same time Avea İletişim Hizmetleri A.Ş collects receivables of devices from their subscribers. Our company use credit for assign the receivables which arise as a result of our device sales to financial corporations. Required by the assignment, capital and amount of interest have been paid by Avea İletişim Hizmetleri A.Ş at it's maturity.

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

December 31, 2015

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Short Term Loans			
TL Loans		15.081.961	Non-Interest -11,32-16,01
TL Financial Lease Payables		975.114	15,10-15,11
EUR Financial Lease Payables	22.578	71.744	5,87
USD Loans	14.636.095	42.555.909	1,6-8,10
Total Loans		58.684.728	

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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

December 31, 2014

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Short Term Loans			
TL Loans		10.434.112	Non Interest -10,80-16,09
TL Financial Lease Payables		256.700	16,09-16,10
USD Loans	13.610.587	31.561.591	1,61
Total Loans		42.252.403	

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

December 31, 2015

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
TL Loans		196.577.011	11,48-16,44
Total Loans		196.577.011	

December 31, 2014

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
TL Loans	-	45.879.996	10,8-11,40
USD Loans	1.496.286	3.469.738	8,13
Total Loans		49.349.734	

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

December 31, 2015

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Long Term Loans			
TL Loans		67.085.141	11,55-16,19
TL Lease Payables		75.200	15,11
Total Loans		67.160.341	

December 31, 2014

Type	Foreign Currency Amount	Amount in TL	Annual Interest Rate (%)
Long Term Loans			
TL Loans		40.080.362	10,8-11,40
TL Lease Payables		898.498	16,09-16,10
USD Loans	355.947	825.405	8,13
Total Loans		41.804.265	

Maturity Information of Bank Loans Liabilities is as follows;

	31 December 2015	31 December 2014
0-12 months	58.684.728	42.252.403
3-12 months	196.577.011	49.349.734
12-60 months	67.160.341	41.804.265
Total	322.422.080	133.406.402

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

9 OTHER FINANCIAL LIABILITIES

None.

10 TRADE RECEIVABLES AND PAYABLES

Short-Term trade receivables are as follows:

Account Name	December 31, 2015	December 31, 2014
Trade Receivables	696.331.515	476.066.722
<i>Due from Related Parties (Note:37)</i>	2.410.177	2.612.603
<i>Other Receivables</i>	693.921.338	473.454.119
<i>-Other Receivables</i>	478.309.772	420.355.001
<i>-Assigned Receivables</i>	215.611.566	53.099.118
Notes Receivables	204.944.767	167.705.809
Rediscount on Receivables (-)	(19.806.532)	(7.332.405)
Doubtful Receivables	11.218.666	9.389.839
Provision for Doubtful Receivables (-)	(11.218.666)	(9.389.839)
Total	881.469.750	636.440.126

Our associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s 215.611.566 TL' (31 December 2014 53.099.118 TL) from their short term part of the assigned receivables are used for sales 12, 24 and 36 months forward commitment campaigns through the subsidiaries of Avea İletişim Hizmetleri A.Ş and these mobile devices receivables are under the guarantee of Avea İletişim Hizmetleri A.Ş . At the same time Avea İletişim Hizmetleri A.Ş collects receivables of devices from their subscribers. Our company use 196.581.051 TL (31 December 2014 46.018.137 TL) part of credit for assign the receivables which arise as a result of our device sales to financial corporations. Required by the assignment, capital and amount of interest have been paid by Avea İletişim Hizmetleri A.Ş at it's maturity.

The transferred receivables which are collected by Avea İletişim Hizmetleri are received through the disposition and the irrevocable to the factoring firms as from October 2015. According to the disposition conditions, the amount of loan's and factoring's principal and interests are paid by Avea İletişim Hizmetleri at their maturity.

Short-term assigned receivables maturities are as follows:

Assigned Receivables	December 31, 2015	December 31, 2014
0-3 month	54.181.963	13.290.627
3-12 month	161.429.603	39.808.491
Total	215.611.566	53.099.118

Long-Term trade receivables are as follows:

Account Name	December 31, 2015	December 31, 2014
Trade Receivables	79.655.935	52.486.149
<i>Due from Related Parties</i>	-	-
<i>Other Receivables</i>	79.655.935	52.486.149
Rediscount on Assigned Receivables (-)	(12.570.793)	(8.613.337)
Total	67.085.142	43.872.812

Our associated partner Datagate Bilgisayar Malzemeleri Ticaret A.Ş.'s 79.655.935 TL (31 December 2014 52.486.149 TL) from their long term part of the assigned receivables are used for sales 12, 24 and 36 months forward commitment campaigns through the subsidiaries of Avea İletişim Hizmetleri A.Ş and these mobile devices receivables are under the guarantee of Avea İletişim Hizmetleri A.Ş . 67.085.142 TL (31 December 2014 43.872.812 TL) of this amount, as part of the same campaign, is assigned to banks as assign of the credits that been used up by the company.

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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The transferred receivables which are collected by Avea İletişim Hizmetleri are received through the disposition and the irrevocable to the factoring firms as from October 2015. According to the disposition conditions, the amount of loan's and factoring's principal and interests are paid by Avea İletişim Hizmetleri at their maturity.

Term structure of the short term dispositions are as follows;

Assigned Receivables	31 December 2015	31 December 2014
12-36 month	79.655.935	52.486.149
Total	79.655.935	52.486.149

As the date of 31December 2015, 295.267.501 TL amount , as point out above is the part of 881.469.750 TL short term and 67.085.142 TL long term on the brink of total amount of 948.554.892 TL receivables, is under the guarantee of Avea İletişim Hizmetleri A.Ş and the assurance was taken from customers of the group for 46.524.462 TL receivables. 340.782.598 TL of the remaining receivables which is 606.762.929 TL are within the scope of Euler Hermes' assurance.

As the date of 31December 2014, 105.585.267 TL amount , as point out above is the part of 636.440.126 TL short term and 43.872.812 TL long term on the brink of total amount of 680.312.938 TL receivables, is under the guarantee of Avea İletişim Hizmetleri A.Ş and the assurance was taken from customers of the group for receivables amount of 52.021.681 TL. 278.417.075 TL of the remaining receivables which is 522.705.990 TL are within the scope of Euler Hermes' assurance. The informations about "the qualifications and level of risks at trade receivables can be found in Note:38.

Company and Euler Hermes company have agreed to insurance upon Company's trade receivables within the borders of Turkey. The details are herinbelow;

- Policy is between 01 April 2015-31 March 2016, and it is prepared annually.
- All the damages subject to policy are shown in USD.
- Warrant ratio is determined by %90 of the credit limit demanded trade receivables.

The movement of Doubtful Receivables is as follows:

	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Opening Balance	(9.389.839)	(9.106.072)
Collections in current period (+)	61.657	286.722
Exchange Difference	-	-
Period Expenses (-)	(1.890.484)	(570.489)
Period-end Balance	(11.218.666)	(9.389.839)

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

	December 31, 2015	December 31, 2014
Up to 3 Months	3.347.413	3.379.126
Between 3- 12 Months	36.821	46.492
Total	3.384.234	3.425.618

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

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

Account Name	December 31, 2015	December 31, 2014
Suppliers	644.547.088	643.609.275
<i>Other Suppliers</i>	644.384.684	643.593.379
<i>Due to Related Suppliers (Note:37)</i>	162.404	15.896
Notes Payable	84.541.440	45.494.206
Rediscount on Payable (-)	(9.221.668)	(5.500.408)
Total	719.866.860	683.603.073

There are not any long-term trade payables for the years ended December 31, 2015 and December 31, 2014.

Average Maturity of Trade receivables and payables are under three months. The trade receivables and payables in TL were discounted using the compound interest rate specified in Government Bonds. Receivables and payables in USD and EURO are discounted using Libor and Euro Libor rates respectively TL % 11,0 USD % 1,1780 and EURO %0,05929. (December 31, 2014 Rates TL % 8,4 , USD %0,62880, EURO % 0,29357)

11 OTHER RECEIVABLES AND PAYABLES

Short-term other receivables are as follows:

Account Name	December 31, 2015	December 31, 2014
Deposits and Guarantees Given	14.105	13.145
Other Receivables	100.728	352.101
Due From Personnel	221.005	220.228
Non-commercial Receivables Due From Related Parties (Note:37)	346.748	274.998
Total	682.586	860.472

Long-term other receivables are as follows:

Account Name	December 31, 2015	December 31, 2014
Deposits and Guarantees Given	51.685	51.685
Total	51.685	51.685

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

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

Account Name	December 31, 2015	December 31, 2014
Taxes, Duties Payable and Other Fiscal Liabilities	6.799.671	3.959.351
Non-commercial Payables Due to Related Parties (Note:37)	-	-
Other	11.607	9.856
Total	6.811.278	3.969.207

12 FINANCIAL INSTRUMENTS

Financial Instruments found in Current Assets

Account Name	December 31, 2015	December 31, 2014
Derivative Financial Instruments Receivables	-	165.039
Total	-	165.039

The Group as of December 31, 2014 has made a 4.464.564 USD foreign currency purchase agreement. All of the amount's maturity is 0-3 months. The fair value of these agreements as of December 31, 2014 is 10.187.838 TL and the valuation difference of 165.039 TL has been written as income.

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015

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

Derivative Financial Instruments found in Short-Term Liabilities;

Account Name	December 31, 2015	December 31, 2014
Derivative Financial Instruments Payables	165.962	-
Total	165.962	-

The Group as of December 31, 2015 has made a 11.115.416 USD foreign currency purchase agreement. All of the amount's maturity is 0-3 months. The fair value of these agreements as of December 31, 2015 is 32.485.146 TL and the valuation difference of 165.962 TL has been written as expense.

13 INVENTORIES

Inventories for the periods ended are as follows:

Account Name	December 31, 2015	December 31, 2014
Commercial Goods	180.751.779	148.680.625
Goods in Transportation	31.191.599	24.808.688
Decrease in Value of Inventory (-)	(5.300.462)	(3.204.256)
Total	206.642.916	170.285.057

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

The Movements in Provision for Decrease in Value of Inventories

	01 January 2015 31 December 2015	01 January 2014 31 December 2014
Opening Balance (-)	(3.204.256)	(2.826.065)
Translation Differences	-	17.818
Provision for the Period(-)	(2.096.206)	(396.009)
Period-End Balance	(5.300.462)	(3.204.256)

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

As of December 31, 2015, 17.232.190 TL of the inventories is presented with their net realizable value and the remaining balance is presented with their cost in the financial statements. (As of December 31, 2014, 14.327.425 TL of the inventories is presented with their net realizable value and the remaining balance is presented with their cost in the financial statements.)

Explanation	December 31, 2015	December 31, 2014
Cost	22.532.652	17.531.681
Provision for Decrease in value of Inventories	(5.300.462)	(3.204.256)
Net Realizable Value (a)	17.232.190	14.327.425
Inventory presented with its cost value (b)	189.410.726	155.957.632
Total Inventories (a+b)	206.642.916	170.285.057

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

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

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

14 BIOLOGICAL ASSETS

None.

15 PREPAID EXPENSES AND DEFERRED INCOME

Short-Term :

Prepaid Expenses as of December 31, 2015 and December 31, 2014 are as follows:

Account Name	December 31, 2015	December 31, 2014
Prepaid Expenses for Following Mon.	3.965.920	1.644.983
Work Advances Given	4.536.357	5.618.208
Total	8.502.277	7.263.191

Deferred Income are as follows:

Account Name	December 31, 2015	December 31, 2014
Work Advances Received	68.714.203	22.841.331
Income Relating to Future Mon.	13.057.923	7.013.595
Total	81.772.126	29.854.926

As the date of 31 December 2015, 58.585.837 TL amount of the advances originated from property sales advances of Teklos Teknoloji Lojistik Hizmetleri A.Ş. The amount of 5.299.995 TL is also originated from received advances for unit sales of Datagate Bilgisayar Malzemeleri A.Ş.

As the date of 31 December 2014, 16.793.450 TL amount of the advances originated from property sales advances of Teklos Teknoloji Lojistik Hizmetleri A.Ş. The amount of 2.503.995 TL is also originated from received advances for unit sales of Datagate Bilgisayar Malzemeleri A.Ş.

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

16 INVESTMENTS EVALUATED BY EQUITY METHOD

Company Name	Participation Rate	December 31, 2015	December 31, 2014
Neteks	50	10.193.899	9.053.260
Total		10.193.899	9.053.260

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

	December 31, 2015	December 31, 2014
January 1 Opening	9.053.260	7.611.172
Share from Period Profit	(975.527)	767.290
Foreign Currency Translation Differences	2.116.166	674.798
December 31 Closing	10.193.899	9.053.260

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

17 INVESTMENT PROPERTIES

December 31, 2015

Cost

Account Name	January 1, 2015	Purchases	Disposals	Transfer(*)	December 31, 2015
Land	19.434.414	-	-	-	19.434.414
Land Improvements	44.297	-	-	-	44.297
Buildings	16.196.105	-	-	-	16.196.105
Total	35.674.816	-	-	-	35.674.816

Accumulated Depreciation

Account Name	January 1, 2015	Amortization	Disposals	Transfer	December 31, 2015
Land Improvements	(44.297)	-	-	-	(44.297)
Buildings	(5.032.910)	(26.471)	-	-	(5.059.381)
Total	(5.077.207)	(26.471)	-	-	(5.103.678)
Net Value	30.597.609				30.571.138

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

- Time of completion has determined 36 months as from permit date and the deadline is 19.01.2018.
- Project is all about workplace; construct on 24.651 m2 land, total construction area is 106.330 m2, sellable land area is 62.362 m2 and the project is made up of 204 independent parts in total.
- With receiving the building license, our associated partner Teklos A.Ş's estimated gain (includes VAT) is calculated over 90 millions USD approximately.
- "Building license" has taken from Sarıyer Municipality on the date of 19.01.2015.

By year 31 December 2015, this property is started to be classified as investment property with resignation desolately to the construction firm for the purpose of construction. Previously, this property is classified as tangible assets because it is used for company activities. It is in financial statement with property amount and the book value is 27.757.030 TL. The rest 2.814.107 TL of properties with book value are composed of acquisition of properties from receivables on the part of subsidiaries in İstanbul and Tekirdağ. The Group assumes that the residual cost of buildings in Tekirdağ is close to their market value.

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

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

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

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

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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

December 31, 2014**Cost**

Account Name	January 1, 2014	Purchases	Disposals	Transfer	December 31, 2014
Land	1.571.150	-	-	17.863.264	19.434.414
Land Improvements	-	-	-	44.297	44.297
Buildings	1.194.802	128.713	-	14.872.590	16.196.105
Total	2.765.952	128.713	-	32.780.151	35.674.816

Accumulated Depreciation

Account Name	January 1, 2014	Amortization	Disposals	Transfer	December 31, 2014
Land Improvements	-	-	-	(44.297)	(44.297)
Buildings	(28.266)	(25.825)	-	(4.978.819)	(5.032.910)
Total	(28.266)	(25.825)	-	(5.023.116)	(5.077.207)
Net Value	2.737.686				30.597.609

18 TANGIBLE FIXED ASSETS

The Fixed Assets details for the years ended are as follows

December 31, 2015**Cost Value**

Account Name	January 1, 2015	Additions	Disposals (-)	Transfer	December 31, 2015
Machinery, Plants&Equipments	4.056.644	-	-	-	4.056.644
Motor Vehicles	2.804.223	31.340	(101.152)	-	2.734.411
Furniture & Fixtures	6.662.058	584.341	(13.603)	-	7.232.796
Leasehold improvements	4.812.108	267.807	(1.700)	-	5.078.215
Total	18.335.033	883.488	(116.455)	-	19.102.066

Accumulated Depreciation

Account Name	January 1, 2015	Amortization	Disposals (-)	Transfer	December 31, 2015
Machinery, Plants&Equipments	(1.905.934)	(480.911)	-	-	(2.386.845)
Motor Vehicles	(2.013.650)	(354.516)	84.262	-	(2.283.904)
Furniture & Fixtures	(5.098.134)	(692.757)	1.498	-	(5.789.393)
Leasehold improvements	(845.158)	(955.907)	57	-	(1.801.008)
Total	(9.862.876)	(2.484.091)	85.817	-	(12.261.150)
Net Value	8.472.157				6.840.916

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
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December 31, 2014**Cost Value**

Account Name	January 1, 2014	Additions	Sales (-)	Foreign Exchange Translation Differences	Transfers	December 31, 2014
Lands and parcels	17.863.263	-	-	-	(17.863.263)	-
Land Improvements	44.297	-	-	-	(44.297)	-
Buildings	14.616.569	256.018	-	-	(14.872.587)	-
Machinery, Plants&Equipments	1.546.552	2.544.041	(33.927)	(22)	-	4.056.644
Motor Vehicles	2.690.547	229.388	(114.893)	(819)	-	2.804.223
Furniture & Fixtures	6.057.426	709.994	(100.183)	(5.179)	-	6.662.058
Leasehold improvements	305.706	4.506.471	-	(69)	-	4.812.108
Total	43.124.360	8.245.912	(249.003)	(6.089)	(32.780.147)	18.335.033

Accumulated Depreciation

Account Name	January 1, 2014	Amortization	Disposals (-)	Foreign Exchange Translation Differences	Transfers	December 31, 2014
Land Improvements	(44.297)	-	-	-	44.297	-
Buildings	(4.842.259)	(136.560)	-	-	4.978.819	-
Machinery, Plants&Equipments	(1.519.200)	(412.765)	26.010	21	-	(1.905.934)
Motor Vehicles	(1.623.247)	(427.707)	36.414	890	-	(2.013.650)
Furniture & Fixtures	(4.491.487)	(678.971)	67.240	5.084	-	(5.098.134)
Leasehold improvements	(198.297)	(646.928)	-	67	-	(845.158)
Total	(12.718.787)	(2.302.931)	129.664	6.062	5.023.116	(9.862.876)
Net Value	30.405.573					8.472.157

Other Information

The depreciation and amortization expenses are recognised under the operational expenses

The Amount of mortgage on buildings which are stated in assets is 1.133.299 USD Total Amount of Insurances on Assets is disclosed in Note: 22.

19 INTANGIBLE FIXED ASSETS**December 31, 2015****Cost Value**

Account Name	January 1, 2015	Additions	Disposals (-)	December 31, 2015
Rights	916.407	3.008.467	-	3.924.874
Other Intangible Fixed Assets	130.810	-	-	130.810
Total	1.047.217	3.008.467	-	4.055.684

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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Accumulated Depreciation

Account Name	January 1, 2015	Amortization	Disposals (-)	December 31, 2015
Rights	(670.492)	(49.030)	-	(719.522)
Total	(670.492)	(49.030)	-	(719.522)
Net Value	376.725			3.336.162

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

December 31, 2014

Cost Value

Account Name	January 1, 2014	Additions	Disposals (-)	Foreign Exchange Translation Differences	December 31, 2014
Rights	674.306	243.338	-	(1.237)	916.407
Other Intangible Fixed Assets	130.810	-	-	-	130.810
Total	805.116	243.338	-	(1.237)	1.047.217

Accumulated Depreciation

Account Name	January 1, 2014	Amortization	Disposals (-)	Foreign Exchange Translation Differences	December 31, 2014
Rights	(654.049)	(17.700)	-	1.257	(670.492)
Total	(654.049)	(17.700)	-	1.257	(670.492)
Net Value	151.067				376.725

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

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

Goodwill	December 31, 2015	December 31, 2014
Opening Balance	1.897.699	1.897.699
Additions	-	-
Disposals/ Sales	-	-
Translation Difference	-	-
Closing balance	1.897.699	1.897.699

The goodwill amount, which is also the opening balance, is related to Datagate Bilgisayar A.Ş., one of the participations of the Company. The goodwill amount is reviewed at least once annually. The last evaluation of Datagate was made on December 31, 2014 and no impairment was determined. There was not any impairment for the goodwill as of December 31, 2015. The goodwill amount for this company is reviewed at each balance sheet date. During review of goodwill, the present value of the cash amounts, which are obtained by the mentioned company, is calculated.

20 LIABILITIES IN THE SCOPE OF EMPLOYEE BENEFITS

The Liabilities in the Scope of Employee Benefits for the periods ended December 31, 2015 and December 31, 2014 are as follows:

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Account Name	December 31, 2015	December 31, 2014
Payables to Employees	248	131.630
SGK Payable	484.860	434.436
Total	485.108	566.066

21 GOVERNMENT GRANT AND ASSISTANCE

None.

22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Account Name	December 31, 2015	December 31, 2014
Provisions for Price Differences	37.441.935	25.566.310
Provisions for TT Net Campaign	-	342.197
Provision for Litigations	891.857	1.893.995
Total	38.333.792	27.802.502

December 31, 2015	Provision for Litigations	Price Differences	Provisions for TT Net Campaign	Total
As of January 1	1.893.995	25.566.310	342.197	27.802.502
Additions	(24.386)	37.441.935	-	37.417.549
Payments / Offsetting	-	(25.566.310)	(342.197)	(25.908.507)
Terminated Provisions	(977.752)	-	-	(977.752)
As of December 31, 2015	891.857	37.441.935	-	38.333.792

December 31, 2014	Provision for Litigations	Price Differences	Provisions for TT Net Campaign	Total
As of January 1	1.798.788	13.684.473	3.893.445	19.376.706
Additions	246.544	25.566.310	-	25.812.854
Payments / Offsetting	-	(13.684.473)	(3.551.248)	(17.235.721)
Terminated Provisions	(151.337)	-	-	(151.337)
As of December 31, 2014	1.893.995	25.566.310	342.197	27.802.502

There was an agreement made between TT Net A.Ş., İndeks Bilgisayar A.Ş. and Datagate Bilgisayar A.Ş. for the 4th Computer Campaign. With this agreement, some kind of products sales are made with terms of 24-36 months between during April 2011-April 2012. TT Net provision amount consist of sales premiums and commisions which will be paid to vendor and TT Net.

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, 2015**

As of December 31, 2015, for the lawsuits initiated against Group, provision amount TL 891.857 is reflected to the financial statements. Almost all of the provisions for litigations consist of custom lawsuits.

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December 31, 2014

As of December 31, 2014, for the lawsuits initiated against Group, provision amount TL 1.893.995 is reflected to the financial statements. Almost all of the provisions for litigations consist of custom lawsuits.

iii) Contingent Liabilities and Commitments:**December 31, 2015**

	TL	USD	EURO
Bailment Given	149.349.126	7.550.000	-
Guarantee Letters given	128.635.400	9.265.000	1.400.000
Total	277.984.526	16.815.000	1.400.000

December 31, 2014

	TL	USD	EURO
Bailment Given	79.367.376	5.000.000	-
Guarantee Letters given	68.965.943	11.715.000	2.300.000
Total	148.333.319	16.715.000	2.300.000

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

iv) Total Insurance Coverage on Assets:**December 31, 2015**

Type of Insured Assets	USD	TL
Trade goods	111.291.962	-
Vehicles	-	2.481.342
Plants machinery and equipment	6.480.874	-
Total	117.772.836	2.481.342

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

December 31, 2014

Type of Insured Assets	USD	TL
Trade goods	91.082.501	-
Vehicles	-	2.528.285
Plants machinery and equipment	6.477.770	-
Total	97.560.271	2.528.285

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

Mortgages & Guarantees Given by the Group	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
	Foreign Currency Amount	TL Amount	Foreign Currency Amount	TL Amount
A. Total amount of M&G Given on behalf of the Group	-	160.022.954	-	102.619.467
Guarantee Letter (USD)	9.265.000	26.938.914	11.715.000	27.165.914
Guarantee Letter (EURO)	1.400.000	4.448.640	2.300.000	6.487.610
Guarantee Letter (TL)	128.635.400	128.635.400	68.965.943	68.965.943
Guarantee notes and cheques(TL)	-	-	-	-
Lien	-	-	-	-
Mortgage(USD)	-	-	-	-
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation	-	171.301.506	-	90.961.876
Bailment (USD)	7.550.000	21.952.380	5.000.000	11.594.500
Bailment (EURO)	-	-	-	-
Bailment (TL)	149.349.126	149.349.126	79.367.376	79.367.376
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.	-	-	-	-
D. Total Amount of other M&G Given	-	-	-	-
i. Total Amount of M&G Given on behalf of main shareholder	-	-	-	-
ii. Total Amount of M&G Given on behalf of other affiliated companies which cannot be classified under section B and C.	-	-	-	-
iii. Total Amount of M&G Given on behalf of the third person that cannot be classified under section C.	-	-	-	-
Total	-	331.324.460	-	193.581.343

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

The ratio of Mortgages and Guarantees Given to Shareholders' Equity is 0 %. (0 % as of December 31, 2014)

23 COMMITMENTS

None.

24 EMPLOYEE BENEFITS

Account Name	December 31, 2015	December 31, 2014
Provision for Employment Termination	3.293.817	2.783.123
Total	3.293.817	2.783.123

Under the Turkish Labor Law, the Group is required to pay employee termination benefits to each employee, who has entitled to receive provisions for employee termination benefits in accordance with the effective laws. Additionally the Company is required to pay employee who has the right of severance with termination indemnity. The maximum employee termination benefit payable as of January 1, 2016 is TL 4.092,53 (December 31, 2014: TL 3.541,37) and taken into consideration in the calculations of the Group's provision for termination indemnities.

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

The principal assumption is that the maximum liability for each year of service will increase in line with the inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the financial statements dated as of December 31, 2015, the provision was calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the balance sheet dates have been calculated assuming an annual inflation rate of 6,5 % and a discount rate of 10,5 %. With that the real discount rate of 3,76 % (December 31, 2014:

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Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015

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3,77 %) was used in the computation. These expectations are reviewed every balance sheet period and revised if required.

As the date 31 December 2015, The probability of make not provision in relation to benefit obligation is approximately %97,22. (31 December 2014: % 97,17)

	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
January 1	2.783.123	2.682.494
Service Cost	391.527	243.113
Actuarial Profit	225.468	2.448
Interest Cost	278.312	268.249
Nullified Provisions	-	(14.255)
Difference Between Previous Period Provision and Current Period Termination Indemnity Paid	451.031	587.207
Payments (-)	(835.644)	(986.133)
Closing Balance	3.293.817	2.783.123

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

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

The actuarial gains expensed in the current period are TL 225.468 The portion of deferred tax income that relates to this expense has also been recorded similarly in other comprehensive income, as a result, other comprehensive expense is TL 180.375.

Previous term, the amount of 2.448 TL is accounted as actuarial gain. As a result of deferred tax income which is related to this amount is accounted as the same as actuarial gain and the new comprehensive income became 1.958 TL because of this transaction.

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

	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
General and Administrative Expenses	(1.120.870)	(1.098.568)
Other Real Operating Expenses	-	-
Income/ (Expense) Recorded in Profit and Loss	(1.120.870)	(1.098.568)
Actuarial Losses (*) Recorded in Other Comprehensive Income	(225.468)	(2.448)
Total Period Expense/ (Income)	(1.346.338)	(1.101.017)

	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Actuarial Losses Recorded in Other Comprehensive Income	(225.468)	(2.448)
Tax Effect % 20	45.093	490
Amount	(180.375)	(1.958)
Minority Actuarial Gain	4.791	(5.940)
Net Amount	(175.584)	(7.898)

25 ASSETS AND LIABILITIES RELATED TO CURRENT PERIOD TAX

The assets and liabilities related to the current period tax are as follows:

Account Name	December 31, 2015
Prepaid Taxes (Temporary Taxes to be Refunded)	-
Total	-

December 31, 2014

2.366

2.366

YEMİNLİ MALİ MÜHÜR VE
BAĞIMSIZ DENETİM HİZM. A.Ş.

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

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26 OTHER ASSETS AND LIABILITIES

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

Account Name	December 31, 2015	December 31, 2014
Credit Note Income Accrual	22.931.348	28.922.641
Deferred VAT	119.514	6.031.764
Advances Given For Purchases	91.599	171.687
Total	23.142.461	35.126.092

Credit Note Income Accrual transactions are as follows:

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Opening	28.922.641	25.602.325
Current period accrual	266.720.495	214.527.294
Collection / Current account transfer	(272.711.788)	(211.206.978)
Balance at the end of year	22.931.348	28.922.641

27 SHAREHOLDERS' EQUITY

i) Minority Shares / Minority Shares Profit / (Loss)

Account Name	December 31, 2015	December 31, 2014
Minority Shares	29.196.804	19.124.871
Total	29.196.804	19.124.871

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Opening	19.124.871	14.847.702
Minority Shares Profit - (Loss)	10.229.210	4.577.990
Foreign Exchange Translation Differences	(152.486)	(306.761)
Actuarial Gains/Losses from Retirement Plans	(4.791)	5.940
Total	29.196.804	19.124.871

ii) Capital / Share Capital / Elimination Adjustments

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

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

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

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Shareholder	December 31, 2015		December 31, 2014	
	Share Percentage	Share Amount	Share Percentage	Share Amount
	%		%	
Nevres Erol Bilecik	% 35,93	20.120.551	% 35,93	20.120.551
Alfanor 13131 AS	% 20,00	11.200.000	% 20,00	11.200.000
Public Shares	% 41,70	23.351.994	% 41,70	23.351.994
Other	% 2,37	1.327.455	% 2,37	1.327.455
Total	% 100	56.000.000	% 100	56.000.000

The ultimate controlling party of the Group is Nevres Erol Bilecik and his family members.

iii) Capital Reserves

None.

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

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

Account Name	31 December 2015	31 December 2014
January 1 Opening	(198.766)	(190.868)
Actuarial Gains and (Losses) (Note:24)	(225.468)	(2.448)
Tax Effect (Note:24, Note:35)	45.093	490
Minority Share Actuarial Gains	4.791	(5.940)
Actuarial Gains and Losses (Net)	(374.350)	(198.766)
Revaluation Gains and Losses	(374.350)	(198.766)
Other Gains and Losses	-	-
Accumulated Other Comprehensive Income or (Expense) not to be Reclassified in Profit or Loss	(374.350)	(198.766)

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

The Foreign Currency Exchange Differences Movement Schedule is as follows:

	31 December 2015	31 December 2014
January 1 Opening	9.065.695	8.587.029
Additions/Disposals	2.338.701	478.666
End of Period Balance	11.404.396	9.065.695

vi) Restricted Reserves from Profit

Restricted reserves from profits consist of legal reserves.

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

vii) Previous Years' Profits / (Losses)

Profits of previous years consist of extraordinary reserves, miscellaneous inflation differences and profits of other previous years. In accordance with the CMB's decision numbered 7/242 dated on February 25, 2005; if the amount of net distributable profit based on the CMB's requirement on the minimum profit distribution arrangements, which is computed over the net profit determined based on the CMB's regulations, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, otherwise; all distributable amount in the

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statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

Shareholders' Equity as of periods ended is as follows:

Account Name	December 31, 2015	December 31, 2014
Share capital	56.000.000	56.000.000
Capital Conversion Differences	1.064.323	1.064.323
Withdrawn Shares (-)	(634.290)	(634.290)
Other Comprehensive Income/Expense not to be Reclassified in Profit/Loss	(374.350)	(198.766)
- Revaluation Gains/Losses	(374.350)	(198.766)
Other Comprehensive Income/Expense to be Reclassified in Profit/Loss	11.404.396	9.065.695
- Hedging (Not:9)	-	-
- Foreign Currency Translation Differences	11.404.396	9.065.695
Restricted Reserves From Profit	12.605.752	9.957.469
-Legal Reserves	11.458.702	8.810.419
- Profit from sale of affiliates except from Corporate Tax	1.147.050	1.147.050
Previous Years' Profits	53.656.587	52.370.539
Net Period Loss/ Profit	44.920.203	25.173.457
Parent Company Shareholders' Equity	178.642.621	152.798.427
Minority Shares	29.196.804	19.124.871
Total Shareholders' Equity	207.839.425	171.923.298

The number of withdrawn shares are 162.402 and this withdrawn transaction occurred in 2013.

In the financial statements prepared according to the standards of the CMB, the Group's current period profit was 53.656.587 TL. The Company's distributable profit in statutory financial statements for current period is 21.204.478 TL Company's distributable dividend (includes current period profit/loss) from previous period profits is limited with this amount. Inflation adjustments on share capital and real estate's sales profits, which are held in fund to be added to the share capital, were not taken into consideration during calculation of total distributable profit.

28 SALES AND COST OF SALES

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

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Domestic Sales	3.436.720.003	2.245.404.631
Foreign Sales	8.358.011	5.548.828
Other Sales	57.707.854	42.858.273
Sales Returns (-)	(82.607.468)	(62.705.256)
Sales Discounts (-)	(30.217.362)	(20.252.020)
Other Discounts (-)	(5.270.158)	(4.835.128)
Net Sales	3.384.690.880	2.206.019.328
Cost of Sales (-)	(3.231.879.393)	(2.103.438.874)
Gross Profit / (Loss)	152.811.487	102.580.454

29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES

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

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
General Administrative Expenses (-)	(30.868.074)	(29.292.476)
Marketing, Selling and Distribution Expenses (-)	(30.272.070)	(19.283.597)
Total Operating Expenses	(61.140.144)	(48.576.073)

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Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
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30 EXPENSES RELATED TO THEIR NATURE

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

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Marketing, Selling and Distribution Expenses and General Administrative Expenses(-)	(61.140.144)	(48.576.073)
- Personnel Expenses	(32.716.923)	(24.271.625)
- Logistic and storage expenses	(4.839.609)	(4.466.015)
- Depreciation expenses	(2.559.107)	(1.709.892)
- Rental Expense	(5.766.651)	(4.947.357)
- Communication Expense	(324.769)	(402.595)
- Travelling Expenses	(546.643)	(694.834)
- Transportation Expenses	(1.064.368)	(1.036.690)
- Consultancy and Audit Expenses	(828.911)	(732.501)
- Insurance Expenses	(4.989.863)	(3.199.044)
- Advertisement Expense	(597.260)	(890.251)
- Taxes, Duties, Charges Expenses	(352.826)	(1.217.130)
- Provisions for termination indemnities expenses	(1.120.869)	(1.098.568)
- Other Expenses	(5.432.345)	(3.909.571)
Total Operating Expenses	(61.140.144)	(48.576.073)

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

31 OTHER OPERATING INCOME / EXPENSE

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

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Other Income from Operations	97.669.633	88.177.079
Nullified Doubtful Receivables Provisions	1.041.156	-
Insurance Claim Income	203.757	-
Eliminated Interest from Sales	46.931.289	22.017.509
Current Period Accrued Income	9.221.669	5.500.410
Prior Period Rediscount Cancellation	4.331.755	4.965.175
Foreign exchange differences Income (trade receivables and payables)	35.290.885	55.417.032
Other Income and Profits	649.122	276.953
Operating from the Other Expenses (-)	(98.408.039)	(83.649.695)
Interest Eliminated from Purchases	(40.641.027)	(19.469.977)
Current Period Rediscount Expenses	(7.673.723)	(4.331.755)
Prior Period Rediscount Cancellation	(5.501.940)	(5.356.526)
Foreign currency exchange losses (trade receivables and payables)	(43.911.360)	(53.936.320)
Other Expenses and Losses (-)	(679.989)	(555.117)
Other Income/Expense (net)	(738.406)	4.527.384

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32 INCOME/EXPENSES FROM INVESTMENT OPERATIONS

Financial income for the periods ended is as follows:

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Income from Investment Operations	49.929	8.829
Profit from Fixed Asset Sales	49.929	8.829
Investment Operations Expense (-)	-	(17.941)
Other Income/Expense (Net)	49.929	(9.112)

33 FINANCIAL INCOME/ EXPENSES

Financial Incomes and expenses of the Group are as follows:

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Interest Income	3.943.885	797.947
Foreign Exchange Translation Income	13.640.886	-
Total Financial Income	17.584.771	797.947

Account Name	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Bank and Interest Expenses	(30.421.531)	(20.928.431)
Foreign Exchange Translation Expense	(7.838.948)	(1.656.480)
Total Financial Expenses	(38.260.479)	(22.584.911)

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

34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS

None.

35 TAX ASSETS AND LIABILITIES

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

Account Name	December 31, 2015	December 31, 2014
Provision for Current Period Tax	20.447.333	9.692.518
Prepaid Taxes (-)	(14.849.304)	(4.073.313)
Total Net Tax Payable	5.598.029	5.619.205

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

Account Name	December 31, 2015	December 31, 2014
Provision for Current Period Tax	(20.447.333)	(9.692.518)
Deferred Tax Income / (Expense)	6.265.115	1.940.986
Total Tax Income / (Expense)	(14.182.218)	(7.751.532)

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015
(The amounts are stated as Turkish Lira ("TL") unless otherwise specified.)

i) Provision for Current Period Tax

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

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 prio years' profits.

According to Corporate Tax Law's Article: 24, 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, Group should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

ii) Deferred Tax

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

Account Name	Dec. 31, 2015 Accumulated Temporary Differences	Dec. 31, 2015 Deferred Tax Assets / (Liabilities)	Dec. 31, 2014 Accumulated Temporary Differences	Dec. 31, 2014 Deferred Tax Assets / (Liabilities)
Fixed Assets	(1.881.615)	(376.323)	(2.068.425)	(413.685)
Rediscount Expense	46.383.306	9.276.661	15.227.186	3.045.437
Provision for Termination Indemnity	3.293.817	658.763	2.783.123	556.625
Provision for Value Decrease in Inventories	5.300.462	1.060.092	3.204.256	640.850
Rediscount Income	(8.092.708)	(1.618.542)	(4.785.172)	(957.034)
Derivatives	165.962	33.192	(165.039)	(33.008)
Other	1.554.326	310.867	976.583	195.317
Deferred Tax Asset / Liability		9.344.710		3.034.502

	December 31, 2015	December 31, 2014
Deferred Tax Asset / Liability at the beginning of the period	3.034.502	1.095.814
Actuarial Gains and Losses	43.895	1.975
Minority Actuarial Gains and Losses	1.198	(1.485)
Foreign Currency Translation Differences	-	(2.788)
Deferred Tax Income / (Expense)	6.265.115	1.940.986
Hedging Fund	-	-
Deferred Tax Asset / Liability at the end of the period	9.344.710	3.034.502

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Account Name	December 31, 2015	December 31, 2014
Deferred Tax Receivables	9.471.225	3.244.190
Deferred Tax Payables (-)	(126.515)	(209.688)
Deferred Tax Recei./Payable.	9.344.710	3.034.502

The tax provision reconciliation for the 12-month period is as follows:

Reconciliation of Tax Provision	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Profits obtained from continuing operations	69.331.631	37.502.979
Income tax rate %20	(13.866.326)	(7.500.596)
Tax effect:		
-The effect of equity items due to foreign currency translation	(437.243)	(34.381)
- Non-Deductible Income/Expenses	121.351	(216.555)
Income Statement Tax Provision Expense	(14.182.218)	(7.751.532)

36 NET EARNINGS PER SHARE

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

	January 1, 2015 December 31, 2015	January 1, 2014 December 31, 2014
Net Profit For The Period / (Loss)	44.920.203	25.173.457
Weighted Average Number of Common Shares Outstanding	56.000.000	56.000.000
Earnings / (Loss) per Share	0,802146	0,449526
Corresponding to the Preference Shares Gain	7.058,93	3.955,85
The earnings attributable to Common Shares	0,762043	0,427052

37 EXPLANATIONS OF RELATED PARTIES

a) Receivables and Payables of Related Parties:

January 1, 2015– December 31, 2015

December 31, 2015	Receivables		Liabilities	
	Commercial	Non- Commercial	Commercial	Non- Commercial
Shareholders	-	-	-	-
Neteks A.Ş.	731.992	-	9.822	-
Homend A.Ş.	8.007	1.927	209	-
Desbil A.Ş.	49.368	344.821	-	-
İnfin A.Ş.	1.109.903	-	152.373	-
Neteks Dış Tic.	265	-	-	-
Despec A.Ş.	510.642	-	-	-
Total	2.410.177	346.748	162.404	-

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January 1, 2014– December 31, 2014

December 31, 2014	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Shareholders	-	-	-	-
Neteks A.Ş.	441.785	-	7.673	-
Homend A.Ş.	104	5.763	8.039	-
Desbil A.Ş.	27.945	269.235	-	-
İnfin A.Ş.	1.824.045	-	-	-
Neteks Dış Tic.	-	-	27	-
Despec A.Ş.	318.724	-	157	-
Total	2.612.603	274.998	15.896	-

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

The related party balances generally consist from trade transactions. But in some conditions there are cash usages between the related parties. The balances consist from non-trade transactions are classified as non-trade receivables or payables in the financial statements. Interest is calculated for the balances and invoiced quarterly. As of December 31, 2015 the interest rate for USD is %3,5 EUR is %3,5 and TL is % 14. (December 31, 2014 USD is % 2,5 EUR is % 2,5 and TL is % 10)

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

January 1, 2015– December 31, 2015

Sales to Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	-	116.626	116.626
Despec A.Ş.	3.029.824	1.359.166	91.275	4.480.265
Homend A.Ş.	26.354	20.337	1.026	47.717
İnfin A.Ş.	7.444.487	-	400.627	7.845.114
Neteks Dış Ltd.Şti.	-	254	-	254
Neteks A.Ş.	238.661	4.985.073	422.060	5.645.794
TOTAL	10.739.326	6.364.830	1.031.614	18.135.770

Purchases From Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	-	18.591	18.591
Despec A.Ş.	892.764	123.860	39.837	1.056.461
Homend A.Ş.	50.294	62.065	1.562	113.921
İnfin A.Ş.	272.072	414.899	1.122.052	1.809.023
Neteks A.Ş.	503.268	57.094	375.039	935.401
TOTAL	1.718.398	657.918	1.557.081	3.933.397

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January 1, 2014– December 31, 2014

Sales to Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	343	62.298	62.641
Despec A.Ş.	2.148.550	2.063.151	46.521	4.258.222
Homend A.Ş.	61.762	251.398	5.581	318.741
İnfin A.Ş.	6.671.322	36.161	187.646	6.895.129
Neteks A.Ş.	1.228.054	5.953.386	251.478	7.432.918
TOTAL	10.109.688	8.304.439	553.524	18.967.651

Purchases From Related Parties	Goods and Service Sales	Cost Allocation	Interest and Foreign Exchange Income	Total Expense/Purchases
Desbil A.Ş.	-	-	34.295	34.295
Despec A.Ş.	637.133	207.302	49.214	893.649
Homend A.Ş.	47.879	7.732	2.431	58.042
İnfin A.Ş.	3.818.971	-	370.908	4.189.879
Neteks A.Ş.	486.339	306.433	268.747	1.061.519
TOTAL	4.990.322	521.467	725.595	6.237.384

c) Benefits and wages provided to Management Staff

Account Name	January 1, 2015– December 31, 2015	January 1, 2014– December 31, 2014
Short term benefits provided to employees	5.703.696	3.633.231
Employment Termination Benefits	-	-
Other long term benefits	-	-
Total	5.703.696	3.633.231

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

38 NATURE AND LEVEL OF RISKS ARISING OUT OF FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

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

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

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

	December 31, 2015	December 31, 2014
Total Debt	1.178.875.567	887.814.192
Minus (-) Cash and Equivalent	(136.763.531)	(111.965.405)
Net Debt	1.042.112.036	775.848.787
Total Shareholder's Equity	207.839.425	171.923.298
Total Share capital	1.249.951.461	947.772.085
Rate % (Net Debt / Total Share Capital)	83,37%	81,86%

(b) Important Accounting Policies

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

(c) Risks Exposed

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

(c1) Foreign currency risk management

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

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

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Table of Foreign Exchange Position

	Current Period		Previous Period	
	TL Value	USD	TL Value	USD
1. Trade Receivables	306.544.333	104.364.976	973.290	301.872.212
2a. Monetary Financial Assets	86.892.421	29.696.576	172.034	74.508.170
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	9.827.807	3.378.152	1.729	10.969.854
4. Current Assets Total (1+2+3)	403.264.560	137.439.704	1.147.053	387.350.236
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)	403.264.560	137.439.704	1.147.053	387.350.236
10. Trade Payables	(276.351.083)	(93.225.015)	(1.664.788)	(349.188.499)
11. Financial Liabilities	(42.626.657)	(14.635.952)	(22.395)	(35.031.329)
12a. Other Monetary Liabilities	(11.965.028)	(4.114.447)	(586)	(10.034.730)
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Total Short Term Liabilities (10+11+12)	(330.942.767)	(111.975.414)	(1.687.769)	(394.254.558)
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	(825.405)
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Total Long Term Liabilities (14+15+16)	-	-	-	(825.405)
18. Total Liabilities (13+17)	(330.942.767)	(111.975.414)	(1.687.769)	(394.254.558)
19. Net Asset/ (Liability) Position of Derivative Instruments off the Balance Sheet (19a-19b)	(32.319.183)	(11.115.416)	-	(10.187.838)
19a. Total Amount of Hedged Assets	-	-	-	(4.393.392)
19b. Total Amount of Hedged Liabilities	32.319.183	11.115.416	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	40.002.610	14.348.875	(540.716)	(8.124.359)
21. Monetary Items Net Foreign Exchange Asset / (Liability) position (17+20+5+6a-10-11-12a-14-15-16a)	72.321.793	25.464.291	(540.716)	(8.461.595)
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	(32.485.145)	(11.172.495)	-	(4.464.564)
23. The Amount of Hedged part of Foreign Exchange Assets	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	8.358.011	-	-	-
23. Export	229.941.180	-	-	-
24. Import	-	-	-	-

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c2) Credit Risk and Management

CREDIT TYPES INCURRED IN RESPECT OFFINANCIAL INSTRUMENT TYPES

	CURRENT PERIOD				Foot Note	Foot Note
	Trade Receivables		Other Receivables			
	Related Party	Other	Related Party	Other		
Maximum credit risk incurred as of the date of reporting (A+B+C+D+E) (*)	2.410.177	879.059.573	346.748	67.472.665		136.084.513
- The part of maximum risk secured by guarantee etc.	-	387.307.060	-	-		-
A. Net book value of financial assets which are undue or which did not decline in value (2)	2.410.177	876.931.840	346.748	67.472.665	10-11	136.084.513
B. Net book value of assets, overdue but did not decline in value. (6)	-	-	-	-		-
- The part secured by guarantee etc.	-	-	-	-	10-11	-
C. Net book values of assets declined in value (4)	-	-	-	-		-
- Overdue (gross book value)	-	11.218.666	-	-	10-11	-
- Decline in value (-)	-	(11.218.666)	-	-	10-11	-
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-
- Undue (gross book value)	-	-	-	-	10-11	-
- Decline in value (-)	-	-	-	-	10-11	-
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-
D. Elements containing credit risk off the balance sheet (5)	-	-	-	-	10-11	-

Receivables

PREVIOUS PERIOD	RECEIVABLES				Bank Deposits and Repos	Foot Note
	Trade Receivables		Other Receivables			
	Related Party	Other	Related Party	Other		
Maximum credit risk incurred as of the date of reporting (A+B+C+D+E) (*)	2.612.603	633.827.523	274.998	44.509.971	111.146.571	
- The part of maximum risk secured by guarantee etc.	-	330.438.756	-	-	-	
A. Net book value of financial assets which are undue or which did not decline in value (2)	2.612.603	630.401.905	274.998	44.509.971	111.146.571	6
B. Net book value of assets, overdue but did not decline in value. (6)	-	-	-	-	-	-
- The part secured by guarantee etc.	-	-	-	-	-	6
C. Net book values of assets declined in value (4)	-	-	-	-	-	-
- Overdue (gross book value)	-	9.389.839	-	-	-	6
- Decline in value (-)	-	(9.389.839)	-	-	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	-	6
- Undue (gross book value)	-	-	-	-	-	6
- Decline in value (-)	-	-	-	-	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	-	6

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

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Current Period (December 31, 2015)	Receivables	
	Trade Receivables	Other Receivables
1-30 Days Overdue	3.059.701	-
1-3 Months Overdue	287.712	-
More than 3 Months Overdue	36.821	-
The part of net value secured by guarantee etc.	1.256.501	-

Previous Period (December 31, 2014)	Receivables	
	Trade Receivables	Trade Receivables
1-30 Days Overdue	3.122.872	-
1-3 Months Overdue	256.254	-
More than 3 Months Overdue	46.492	-
The part of net value secured by guarantee etc.	571.192	-

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

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

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

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

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

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

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

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

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

(c3) Management of interest rate risk

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

Table of Interest Position

	Current Period	Previous Period
Fixed Interest Financial Instruments		
Financial Assets	123.616.698	101.128.147
Financial Liabilities	322.422.080	133.406.402
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, 2015, profit before tax will be less with the amount of 1.988.054 TL. (December 31, 2014: TL 322.783) Important part of Group's financial assets and liabilities with fixed interest rate are short-term. Consequently the financial assets and liabilities with fixed interest rate are taken into consideration. There is no interest rate risk if only financial assets and liabilities with floating rate are taken into consideration.

(c4) Liquidity risk management

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

Liquidity Risk Tables

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

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

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

December 31, 2015

Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities						
Bank Loans	1.049.100.217	1.083.194.702	847.085.152	156.365.994	79.743.556	-
Debt Instrument Issue	321.300.021	346.134.428	110.900.185	155.578.308	79.655.935	-
Financial Lease Liabilities	-	-	-	-	-	-
Trade Payables	1.122.059	1.160.469	285.162	787.686	87.621	-
Other Payables	719.866.859	729.088.527	729.088.527	-	-	-
Other	6.811.278	6.811.278	6.811.278	-	-	-
	-	-	-	-	-	-

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Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Financial Liabilities	(165.962)	(440.675)	(440.675)	-	-	-
<i>Derivative Cash Inflows</i>	32.319.184	32.319.184	32.319.184	-	-	-
<i>Derivative Cash Outflows</i>	(32.485.146)	(32.759.859)	(32.759.859)	-	-	-

(*)The amount of forward transactions consists of **11.115.416 USD** to TL. In liability calculation, derivative cash outflow is calculated using exchange rates valid at the end of term. Derivative cash inflow is calculated using the exchange rate valid on December 31, 2015. Actual profit or loss will arise at the end of term.

December 31, 2014

Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	820.978.682	837.662.610	747.526.700	40.159.334	49.976.576	-
<i>Bank Loans</i>	131.536.655	142.401.805	54.191.450	39.371.648	48.838.707	-
<i>Debt Instrument Issue</i>	-	-	-	-	-	-
<i>Financial Lease Liabilities</i>	1.869.747	2.188.117	262.562	787.686	1.137.869	-
<i>Trade Payables</i>	683.603.073	689.103.481	689.103.481	-	-	-
<i>Other Payables</i>	3.969.207	3.969.207	3.969.207	-	-	-
<i>Other</i>	-	-	-	-	-	-

Contract Terms	Book Value	Cash Outflows Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Financial Liabilities	165.039	126.130	126.130	-	-	-
<i>Derivative Cash Inflows</i>	10.352.877	10.352.877	10.352.877	-	-	-
<i>Derivative Cash Outflows</i>	(10.187.838)	(10.226.747)	(10.226.747)	-	-	-

(*)The amount of forward transactions consists of **4.464.564 USD**. In liability calculation, derivative cash outflow is calculated using exchange rates valid at the end of term. Derivative cash inflow is calculated using the exchange rate valid on December 31, 2014. Actual profit or loss will arise at the end of term.

c5 Analyses of other Risks***Risks Related to Financial Instruments, Stocks Etc.***

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

39 FINANCIAL INSTRUMENTS (DECLARATIONS WITHIN THE CONTEXT OF FAIR VALUE AND HEDGING)**Aims at financial risk management**

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

İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements for the Period Ended December 31, 2015

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

Fair Value of Financial Instruments

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

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

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

Monetary Assets

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

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

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

Monetary Liabilities

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

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

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

Fair Value Assessment:

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

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

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

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

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

The Group presents its financial investments with their fair values in the financial statements as of December 31, 2015 and December 31, 2014. (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 SUBSEQUENT EVENTS

None.

41 OTHER ISSUES

None.