

**TEKNOSA İÇ VE DIŞ TİCARET  
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH  
OF CONDENSED INTERIM FINANCIAL  
STATEMENTS AS AT AND FOR THE  
NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2019 WITH INDEPENDENT  
AUDITOR'S REVIEW REPORT**

(Originally issued in Turkish)

25 November 2019

*This report includes 2 pages of independent auditors' review report and 38 pages of condensed financial statements and notes to the condensed financial statements.*



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9  
Levent 34330 İstanbul  
Tel +90 212 316 6000  
Fax +90 212 316 6060  
www.kpmg.com.tr

To the Board of Directors of  
TeknoSA İç ve Dış Ticaret Anonim Şirketi,

#### *Introduction*

We have reviewed the accompanying condensed statement of financial position of TeknoSA İç ve Dış Ticaret Anonim Şirketi (the "Company") as at 30 September 2019, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### *Scope of Review*

We conducted our review in accordance with Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34 *Interim Financial Reporting*.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member firm of KPMG International Cooperative

Ruşen Fikret Selamet, SMMM  
Partner  
25 November 2019  
İstanbul, Turkey

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of TL unless otherwise indicated.)

<b>INDEX</b>	<b>PAGE</b>
<b>CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION .....</b>	<b>1-2</b>
<b>CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>3</b>
<b>CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY .....</b>	<b>4</b>
<b>CONDENSED INTERIM STATEMENT OF CASH FLOWS.....</b>	<b>5</b>
<b>NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS .....</b>	<b>6-38</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS .....	6
NOTE 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS .....	6-15
NOTE 3 SEGMENT REPORTING .....	16-17
NOTE 4 RELATED PARTY DISCLOSURES .....	17-19
NOTE 5 CASH AND CASH EQUIVALENTS.....	20
NOTE 6 LOANS AND BORROWINGS .....	20
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	21-22
NOTE 8 INVENTORIES.....	22
NOTE 9 PREPAID EXPENSES AND DEFERRED REVENUE .....	22-23
NOTE 10 INVESTMENT PROPERTY .....	23
NOTE 11 RIGHT OF USE ASSETS .....	23
NOTE 12 PROPERTY, PLANT AND EQUIPMENT .....	24-25
NOTE 13 INTANGIBLE ASSETS .....	26
NOTE 14 PAYABLES RELATED TO EMPLOYEE BENEFITS .....	27-28
NOTE 15 PROVISIONS.....	28
NOTE 16 COMMITMENTS .....	29
NOTE 17 OTHER CURRENT ASSETS AND LIABILITIES .....	30
NOTE 18 REVENUE.....	30
NOTE 19 MARKETING AND ADMINISTRATIVE EXPENSES.....	31
NOTE 20 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	32
NOTE 21 INCOME FROM INVESTING ACTIVITIES .....	32-33
NOTE 22 FINANCE EXPENSES .....	33
NOTE 23 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	34-36
NOTE 24 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) .....	37
NOTE 25 EVENTS AFTER THE REPORTING PERIOD.....	38

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		<b>Current period</b>	<b>Prior period</b>
		<i>Reviewed</i>	<i>Audited</i>
		<b>30 September</b>	<b>31 December</b>
	<i>Notes</i>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>719.033</b>	<b>592.569</b>
Cash and cash equivalents	5	22.143	26.987
Trade receivables	7	74.225	65.775
<i>Trade receivables from related parties</i>	4	1.612	1.764
<i>Trade receivables from third parties</i>	7	72.613	64.011
Inventories	8	615.593	492.677
Prepaid expenses	9	3.955	6.003
Other current assets	17	3.117	1.127
<b>Non-current assets</b>		<b>534.574</b>	<b>167.856</b>
Other receivables		550	581
Investment property	10	8.929	8.929
Right of use assets	11	333.075	--
Property, plant and equipment	12	80.121	89.584
Intangible assets	13	38.266	26.999
Prepaid expenses	9	51	265
Deferred tax assets		73.582	41.498
<b>TOTAL ASSETS</b>		<b>1.253.607</b>	<b>760.425</b>

Accompanying notes are an integral part of these condensed interim financial information.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

		<b>Current</b>	<b>Prior period</b>
		<i>Reviewed</i>	<i>Audited</i>
	<i>Notes</i>	<b>30 September</b>	<b>31 December</b>
		<b>2019</b>	<b>2018</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>1.129.533</b>	<b>855.233</b>
Short-term loans and borrowings	6	121.049	8.500
Short portion of long-term rent liabilities		17.037	--
<i>Short portion of long-term rent liabilities to related parties</i>	4	202	--
<i>Short portion of long-term rent liabilities to third parties</i>		16.835	--
Trade payables	7	926.956	777.142
<i>Trade payables to related parties</i>	4	1.664	4.738
<i>Trade payables to third parties</i>	7	925.292	772.404
Payables related to employee benefits	14	18.814	15.643
Other payables		2.225	1.990
<i>Other payables to third parties</i>		2.225	1.990
Deferred revenue	9	11.643	12.532
Short-term provisions		19.501	25.128
<i>Short-term provisions for employee benefits</i>	14	7.312	7.329
<i>Other short-term provisions</i>	15	12.189	17.799
Other current liabilities	17	12.308	14.298
<b>Non-current liabilities</b>		<b>356.571</b>	<b>8.270</b>
Long-term rent liabilities		346.859	--
<i>Long-term rent liabilities to related parties</i>	4	4.142	--
<i>Long-term rent liabilities to third parties</i>		342.717	--
Long-term provisions for employee benefits	14	9.712	8.270
<b>EQUITY</b>		<b>(232.497)</b>	<b>(103.078)</b>
Share capital		110.000	110.000
Adjustments to share capital		6.628	6.628
Restricted reserves		8.704	8.704
Other reserves		3	3
Other comprehensive income that will not be reclassified to profit or loss		24.008	24.008
<i>Gains on revaluation of property, plant and equipment</i>		27.209	27.209
<i>Losses on remeasurement of defined benefit plans</i>		(3.201)	(3.201)
Accumulated losses		(252.421)	(187.812)
Net profit/(loss) for the period		(129.419)	(64.609)
<b>TOTAL LIABILITIES</b>		<b>1.253.607</b>	<b>760.425</b>

Accompanying notes are an integral part of these condensed interim financial information.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30**  
**SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

		Current period	Current period	Prior period	Prior period
		<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
		1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
	<i>Notes</i>				
Revenue	18	2.879.903	1.037.142	2.617.113	919.682
Cost of revenue (-)	18	(2.375.718)	(852.783)	(2.140.846)	(740.508)
<b>GROSS PROFIT</b>		<b>504.185</b>	<b>184.359</b>	<b>476.267</b>	<b>179.174</b>
Marketing expenses (-)	19	(357.951)	(122.946)	(343.711)	(118.111)
General administrative expenses (-)	19	(44.673)	(13.730)	(40.038)	(12.680)
Other income from operating activities	20	27.506	8.302	54.941	32.174
Other expenses from operating activities (-)	20	(137.163)	(40.957)	(91.378)	(48.872)
<b>OPERATING PROFIT</b>		<b>(8.096)</b>	<b>15.028</b>	<b>56.081</b>	<b>31.685</b>
Income from investing activities	21	113	(274)	454	391
Expenses from investing activities (-)	21	(5)	1	--	17
Impairment gain/ (loss) and reversal of impairment determined in accordance with TFRS 9		284	194	108	(2)
<b>OPERATING PROFIT BEFORE FINANCE EXPENSE</b>		<b>(7.704)</b>	<b>14.949</b>	<b>56.643</b>	<b>32.091</b>
Finance expenses (-)	22	(153.799)	(58.528)	(66.525)	(31.812)
<b>OPERATING PROFIT/ (LOSS) BEFORE INCOME TAX</b>		<b>(161.503)</b>	<b>(43.579)</b>	<b>(9.882)</b>	<b>279</b>
<b>Tax (expense)/income</b>					
- Current tax expense		--	--	--	--
- Deferred tax (expense)/income		32.084	8.173	(206)	(232)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(129.419)</b>	<b>(35.406)</b>	<b>(10.088)</b>	<b>47</b>
<b>Attributable to:</b>					
Non-controlling interests		--	--	--	--
Owners of the Company		<b>(129.419)</b>	<b>(35.406)</b>	<b>(10.088)</b>	<b>47</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to profit or loss</b>					
<i>Gains/(losses) on remeasurement of defined benefit plans</i>		--	--	6	--
<i>Income tax related to items that will not be reclassified to profit or loss</i>		--	--	(1)	--
<b>Items that are or may be reclassified to profit or loss</b>					
<i>Gains (losses) on cash flow hedges losses and Income tax related to items that are or may be reclassified to profit or loss</i>		--	863	237	--
		--	1.107	301	--
		--	(244)	(64)	--
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>(129.419)</b>	<b>(34.543)</b>	<b>(9.846)</b>	<b>47</b>
<b>Earnings/(loss) per share [(For 1 lot share)]</b>		(0,0118)	(0,0032)	(0,0009)	(0,0005)
<b>Diluted earnings/(loss) per share [(For 1 lot share)]</b>		(0,0118)	(0,0032)	(0,0009)	(0,0005)

Accompanying notes are an integral part of these condensed interim financial information.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

					Other comprehensive income that will not be reclassified to profit or loss	Other comprehensive income that are or may be reclassified to profit or loss	Retained earnings/Accumulated losses			
	Paid in share capital	Adjusments to share capital	Restricted reserves	Other reserves	Gain / (losses) on remeasurement of defined benefit plans	Gains on revaluation of property, plant and equipment	Hedging reserve	Prior years' profit/ (losses)	Net profit/ (loss) for the period	Total equity
<b><u>Prior period</u></b>										
<b>Balance at 1 January 2018</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>(2.567)</b>	<b>21.908</b>	<b>(237)</b>	<b>(207.380)</b>	<b>19.568</b>	<b>(43.373)</b>
Transfers	--	--	--	--	--	--	--	19.568	(19.568)	--
Total comprehensive income	--	--	--	--	5	--	237	--	(10.088)	(9.846)
<b>Balance at 30 September 2018</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>(2.562)</b>	<b>21.908</b>	<b>--</b>	<b>(187.812)</b>	<b>(10.088)</b>	<b>(53.219)</b>
<b><u>Current period</u></b>										
<b>Balance at 1 January 2019</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>(3.201)</b>	<b>27.209</b>	<b>--</b>	<b>(187.812)</b>	<b>(64.609)</b>	<b>(103.078)</b>
Transfers	--	--	--	--	--	--	--	(64.609)	64.609	--
Total comprehensive income	--	--	--	--	--	--	--	--	(129.419)	(129.419)
<b>Balance at 30 September 2019</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>(3.201)</b>	<b>27.209</b>	<b>--</b>	<b>(252.421)</b>	<b>(129.419)</b>	<b>(232.497)</b>

Accompanying notes are an integral part of these condensed interim financial information.



**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

		Current period	Prior period
		<i>Reviewed</i>	<i>Reviewed</i>
		1 January –	1 January –
		30 September	30 September
	<i>Notes</i>	2019	2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit/(loss) for the period</b>		(129.419)	(10.088)
<i>Adjustments:</i>			
Adjustments for interest expense	22	153.799	66.525
Adjustments for depreciation and amortisation expenses	10,11,12,13	101.260	24.045
Adjustments for fair value (gains) or losses on derivative financial instruments	23	--	64
Adjustments for (reversal)/provision for employee benefits		7.678	(773)
Adjustments for impairment of receivables	7	(284)	(108)
Adjustments for (reversal)/provision for other provisions		(2.561)	(204)
Adjustments for the (gains)/losses on sales of property, plant and equipment	21	(3)	(376)
Adjustments for reversal of impairment of property, plant and equipment	12,13	(3.642)	(5.635)
Adjustments for (reversal)/impairment of inventory	8	2.417	3.614
Adjustments for interest income	21	(105)	(78)
Adjustments for tax expense/(income)		(32.084)	206
		<b>97.056</b>	<b>77.192</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in trade receivables from third parties		(8.318)	(27.377)
(Increase)/decrease in trade receivables from related parties	4	152	(791)
Increase in inventories		(125.333)	(80.988)
(Increase)/decrease in other assets related to operations		303	(30.503)
(Increase)/decrease in trade payables to third parties		152.888	7.014
(Increase)/decrease in trade payables to related parties		(3.074)	(1.710)
(Increase)/decrease in other liabilities related to operations		527	(22.082)
Payments related to provisions for employee benefits		(6.253)	(2.482)
Payments related to other provisions		(3.049)	753
<b>Cash used in operations</b>		<b>104.899</b>	<b>(80.974)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	12	(19.876)	(16.871)
Acquisition of intangible assets	13	(7.863)	(10.058)
Proceeds from sale of property, plant and equipment and intangible assets		5.155	5.774
Interest received		105	78
<b>Cash used in investment activities</b>		<b>(22.479)</b>	<b>(21.077)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	22	(95.372)	(66.525)
Payments for operating leases		(104.441)	--
Proceeds from loans and borrowings		112.549	134.094
<b>Cash provided from/(used in) financing activities</b>		<b>(87.264)</b>	<b>67.569</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(4.844)</b>	<b>(34.482)</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>26.987</b>	<b>72.703</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	5	<b>22.143</b>	<b>38.221</b>

Accompanying notes are an integral part of these condensed interim financial information.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 1 – ORGANIZATION AND OPERATIONS OF THE COMPANY**

Teknosa İç ve Dış Ticaret Anonim Şirketi, (“Teknosa” or “the Company”) was established on 3 March 2000, and is engaged in retail sales of consumer electronics through its stores and website “www.teknosa.com” and air conditioners and white goods through its dealers. The Company’s main shareholders are Hacı Ömer Sabancı Holding A.Ş. and Sabancı Family members. Number of personnel of the Company is 2.138 as at 30 September 2019 (31 December 2018: 2.292). The Company is registered in Turkey and operates under the laws and regulations of Turkish Commercial Code.

In accordance with the resolution of the Board of Directors dated 6 April 2016, Teknosa merged with Kliksa İç ve Dış Ticaret Anonim Şirketi (“Kliksa”) which was 100% subsidiary of the Company in the previous periods through dissolving without liquidation by transferring all of its assets and liabilities fully as at 1 June 2016.

The Company operates in Turkey in 199 stores with 104.502 square meters retail space as at 30 September 2019 (31 December 2018: 107.836 square meters, 205 stores). The registered office address of the Company is as follows:

Carrefoursa Plaza Cevizli Mahallesi. Tugay Yolu Caddesi No: 67 Blok: B Maltepe - İstanbul.

The Company’s shares have been traded on Borsa Istanbul since 2012.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

*(i) Statement of compliance*

According to the the Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013, the accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”). TFRS is composed of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and its addendum and interpretations issued by POA.

The Company prepared its condensed interim financial statements for the period ended 30 September 2019, in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed version. The Company’s condensed interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed interim financial statements should be considered together with the financial statements as of 31 December 2018.

The financial statements of the Company are presented in compliance with “Announcement on Financial Statements and Disclosure Formats” announced by CMB and TAS taxonomy announced by POA.

*Approval of financial statements:*

The accompanying financial statements are approved by the Company’s Board of Directors on 30 October 2019. General Assembly and related legal institutions have the right to correct these financial statements and statutory financial statements.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

*(ii) Basis of measurement*

The financial statements have been prepared on historical cost basis except for revaluation of land, building, investment properties measured at fair value and derivatives. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

*(iii) Presentation and functional currency*

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial position and the results of the Company’s operations have been expressed in Turkish Lira (“TL”) which is the functional currency of the Company and which is the presentation currency of the financial statements.

*(iv) Preparation of financial statements in hyperinflationary periods*

The CMB, with its resolution dated 17 March 2005 and numbered 11/367, declared that companies operating in Turkey which prepares their financial statements in accordance with the TAS, would not be subject to the application of inflation accounting effective from 1 January 2005. Accordingly, TAS 29 “Financial Reporting in Hyperinflationary Economies” was not applied since 1 January 2005.

*(v) Comparative information and reclassifications of the prior periods’ financial statements*

The interim financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes with respective disclosures for the major differences. The Company made reclassifications on prior period financial statements. The nature and extent of those reclassification are presented as below:

- The Company reclassified provisions amounting TL 2.447 previously presented under “other current liabilities” to “other short term provisions” in its comparative statement of financial position as at 31 December 2018.
- The Company reclassified free gift cards amounting TL 3.710 previously presented under “marketing expenses” to “revenue” in its comparative statement of profit or loss and other comprehensive income as at 30 September 2018.

The related reclassification has no effect on the loss for the nine months period ended 30 September 2018.

The reclassifications are considered in the preparation of the condensed interim statement of cash flows for the nine months period ended 30 September 2018.

**2.2 Changes in accounting policies**

The significant judgements made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2018.

**2.2.1 TFRS 16 Leases**

The Company has initially adopted TFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company’s financial statements.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in accounting policies (Continued)**

**2.2.1 TFRS 16 Leases (Continued)**

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has not restated comparable amounts for the prior year using the simplified migration application. With this method, all right of use assets are measured from the lease liabilities (adjusted in advance or accrued according to the rental costs).

**i) Definition of a lease**

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

**ii) As a lessee**

The Company leases many assets, including warehouses, production equipment and building.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under TFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in accounting policies (Continued)**

**2.2.1 TFRS 16 Leases (Continued)**

Book value of right of use assets are presented below:

	<b>Right of use assets</b>		
	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Balance at 1 January 2019	391.022	3.376	394.398
Balance at 30 September 2019	331.040	2.036	333.075

The Company presents lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Book value of lease liabilities are presented below:

	<b>Rent liabilities</b>		
	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Balance at 1 January 2019	391.022	3.376	394.398
Balance at 30 September 2019	361.603	2.294	363.896

***Significant accounting policies***

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company’s accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in accounting policies (Continued)**

**2.2.1 TFRS 16 Leases (Continued)**

***Transition***

Previously, the Company classified property leases as operating leases under TAS 17. These include stores, warehouse, vehicle and general administrative office. The leases typically run for a period of 5-10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under TAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company’s incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either their carrying amount as if TFRS 16 had been applied since the commencement date, discounted using the lessee’s incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease.

The Company used the following practical expedients when applying TFRS 16 to leases previously classified as operating leases under TAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**iii) As a lessor**

The Company leases out its investment property, including right-of-use assets. The Company has classified these leases as operating leases.

The accounting policies applicable to the Company as a lessor are not different from those under TAS 17. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company is not required to make any adjustments on transition to TFRS 16 for leases in which it acts as a lessor. However, the Company has applied TFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

The Company sub-leases some of its properties. Under TAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to TFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value on transition to TFRS 16. The sub-lease contracts are classified as operating leases under TFRS 16.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in accounting policies (Continued)**

**2.2.1 TFRS 16 Leases (Continued)**

**iv) Impact on financial statements**

*a. Transition effect*

On transition to TFRS 16, the Company recognised additional right-of-use assets, including additional lease liabilities. The impact on transition is summarised below.

	<b>1 January 2019</b>
Right of use assets	<b>394.398</b>
Lease liabilities	<b>394.398</b>

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate applied is 23%.

	<b>1 January 2019</b>
Operating lease commitment at 31 December 2018 as disclosed in the Company’s financial statements	<b>681.372</b>
Lease liabilities recognised at 1 January 2019	<b>394.398</b>

*b. Impacts for the period*

As a result of initially applying TFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised TL 333.075 of right-of-use assets and TL 363.896 of lease liabilities as at 30 September 2019. As of 30 September 2019, the alternative interest rate is 24%.

Also in relation to those leases under TFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the nine months ended 30 September 2019, the Company recognised TL 76.835 of depreciation charges and TL 58.427 of interest costs from these leases.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Changes in estimates and error**

The preparation of the financial statements in compliance with TAS requires to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Critical judgments and assumptions and estimation uncertainties in applying accounting policies have the significant effect on the amounts recognised in the financial statements.

If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

**2.4 Summary of Significant Accounting Policies**

**Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2019**

*Standards issued but not yet effective and not early adopted*

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

**The revised Conceptual Framework**

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRSs. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

**Amendments to TAS 1 and TAS 8 - Definition of Material**

In 7 June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in TFRS Standards. The amended “definition of material “was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Company does not expect that application of these amendments to TAS 1 and TAS 8 will have significant impact on its financial statements.



**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of Significant Accounting Policies**

**Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2019 (Continued)**

**Amendments to TFRS 3 - Definition of a Business**

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The TASB has issued amendments to TFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. In 21 May 2019, POA has also published the Definition of Business (Amendments to TFRS 3). With this amendments confirmed that a business shall include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Company does not expect that application of these amendments to TFRS 3 will have significant impact on its financial statements.

**2.5 Critical judgments and estimates**

Critical judgments in applying the Company’s accounting policies

The Company management had made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

*Useful lives of property, plant and equipment and intangible assets*

Items of property and equipment and intangible assets except for land and buildings are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.5 Critical judgments and estimates (Continued)**

Critical judgments in applying the Company’s accounting policies (continued)

*Impairment of property, plant and equipment and intangible assets*

The Company assesses at each reporting date to determine whether there is any indication of impairment. If the stores which are operating more than 1 year generates operating profit/ (loss) before income tax lower than the planned performance result, this situation is assessed as an objective evidence for impairment. If any such indication exists, then the asset’s recoverable amount is compared with the carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the carrying amount of an asset or any cash generating unit that the asset belongs to is higher than its net realizable value, the value of the asset has impaired. Additionally, the Company recognises allowance for impairment for the tangible assets of the stores for which the Company management has expected to close down. The allowance for impairment is calculated with rates applied on the net carrying amount as at the reporting date. The applied rate is 100% for the leasehold improvements and 50% for the equipment. The Company recognised allowance on property, plant and equipment amounting to TL 3.642 as at 30 September 2019 (30 September 2018: TL 5.635). (Note 12)

*Allowance on inventories*

In accordance with the accounting policy, inventories are stated at the net realisable value (“NRV”). The Company measures the products with selling prices lower than its cost at lower of cost or NRV. NRV, is the value after deducting the estimated expenditures to be made to bring the stocks at sale at the estimated selling price.

The Company makes aging analysis for its inventories based on certain date ranges from the acquisition date. Impairment is calculated for the old stock over 180 days with different rates applied for each date range based on the aging analysis as at reporting date. The Company recognised allowance on inventories amounting to TL 17.366 as at 30 September 2019 (31 December 2018: TL 14.949). (Note 8)

*Deferred tax assets*

The Company recognises deferred tax asset or liability in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes in accordance with TAS and the amounts used for taxation purposes. The Company has deferred tax assets arising from carried forward tax losses and other temporary differences deductible from its potential future profits. The Company management estimates the amount of deferred tax assets which is fully and partially recoverable based on the current circumstances and available information. During the assessment, projections of future taxable income, current year and carried forward losses, potential expiration dates for utilisation of tax losses and other tax assets, and tax planning strategies are considered.

*Accounting of gift checks*

The Company recognises income from the gift checks by estimating the portion which will not be used by the customers based on the historic data. As at 30 September 2019, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 1.660 (31 December 2018: TL 5.152).

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.5 Critical judgments and estimates (Continued)**

Critical judgments in applying the Company’s accounting policies (Continued)

*Providing financial capability*

The Company recognised net loss amounting to TL 129.419 for the period ended 30 September 2019. Accumulated losses is amounting to TL 252.421 as at 30 September 2019. The Company’s total negative equity amount is TL 232.497 together with the accumulated losses as at 30 September 2019.

In addition to this, the Company made an announcement on Public Disclosure Platform on 30 October 2019 in accordance with the CMB’s principal decision numbered 11/352 as detailed below:

“The Company issued its financial statements as at 30 September 2019 which are prepared in accordance with the CMB regulations. The Company’s equity in these financial statements amounting to full TL(-) 193.166.141 and the brand value which is the off-balance sheet asset of the Company is amounting to full TL 315.159.000 are considered in accordance with the CMB’s principal decision numbered 2014/11. There is no change in the negative equity status of the Company in these financial statements which are prepared in accordance with above mentioned the CMB regulations. As a result, statement of financial position is prepared in accordance with the related article of TCC 376 based on the CMB’s principal decision numbered 2014/11. The brand value is included in the statement of financial position prepared in accordance with the related article of TCC 376.

Equity of this statement of financial position prepared in accordance with the related article of TCC 376 is amounting to full TL (+) 121.992.859. This indicates that the Company maintains its share capital amounting to full TL 110.000.000 in equity status.”

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 – SEGMENT REPORTING**

The Company applies TFRS 8 starting from 1 January 2009 and determined the reportable segments based on the management reports which are regularly reviewed by the decision maker.

In order to take the decisions about the allocation of resources to the operating segments and evaluate the performance of these segments, the decision maker reviews the results and the operations by product categories and geographical sector. The Company's product categories are as follows: Electronics retail sales and sales of air conditions and white goods through dealers. These sales are also reviewed as stores and dealers (İklimsa). In addition, assets and liabilities are not included in the segment reporting, since they are not regularly presented to the decision maker and are not reviewed in as a part of segment reporting.

Details of the segment reporting according to the internal management reports are as follows:

<b>1 January-30 September 2019</b>			
	<b>Stores</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	2.697.448	182.455	2.879.903
<b>Income from third party customers</b>	<b>2.697.448</b>	<b>182.455</b>	<b>2.879.903</b>
<b>Adjusted EBIT</b>	<b>198.397</b>	<b>8.046</b>	<b>206.983</b>
<b>1 January-30 September 2018</b>			
	<b>Stores</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	2.406.738	210.375	2.617.113
<b>Income from third party customers</b>	<b>2.406.738</b>	<b>210.375</b>	<b>2.617.113</b>
<b>Adjusted EBIT</b>	<b>102.706</b>	<b>17.082</b>	<b>119.788</b>
<b>1 July-30 September 2019</b>			
	<b>Stores</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	983.643	53.499	1.037.142
<b>Income from third party customers</b>	<b>983.643</b>	<b>53.499</b>	<b>1.037.142</b>
<b>Adjusted EBIT</b>	<b>82.585</b>	<b>665</b>	<b>83.250</b>
<b>1 July-30 September 2018</b>			
	<b>Stores</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	851.664	68.018	919.682
<b>Income from third party customers</b>	<b>851.664</b>	<b>68.018</b>	<b>919.682</b>
<b>Adjusted EBIT</b>	<b>54.515</b>	<b>3.154</b>	<b>57.669</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 3 – SEGMENT REPORTING (Continued)**

	1 January – 30 September 2019	1 July – 30 September 2019	1 January 30 September 2018	1 July – 30 September 2018
Reconciliation of Adjusted EBIT with profit before taxes:	<b>206.983</b>	<b>83.250</b>	<b>119.788</b>	<b>57.669</b>
Depreciation and amortisation expenses	(101.260)	(33.380)	(24.045)	(7.987)
Finance expenses	(153.799)	(58.528)	(66.525)	(31.812)
Income / (expense) from investing activities	3.561	3.180	454	408
Effect of changing TFRS 9, net	284	374	108	(2)
Other income / (expenses), net	(113.111)	(36.108)	(36.437)	(16.698)
Provision for employee termination benefits	(4.161)	(2.187)	(3.225)	(1.299)
<b>Profit/(loss) before tax</b>	<b>(161.503)</b>	<b>(43.579)</b>	<b>(9.882)</b>	<b>279</b>

**NOTE 4 – RELATED PARTY DISCLOSURES**

The related parties listed below are the companies directly or indirectly controlled by Hacı Ömer Sabancı Holding A.Ş., the parent company of Teknosa or the companies over which Hacı Ömer Sabancı Holding A.Ş. has significant influence.

	<b>30 September 2019</b>	
	<b>Receivables</b>	<b>Payables</b>
	Current Trading	Current Trading
<b>Balances with related parties</b>		
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	753	433
Akbank T.A.Ş.	710	--
Avivasa Emeklilik ve Hayat A.Ş.	52	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	43	563
Çimsa Çimento San.ve Tic.A.Ş.	33	--
Akçansa Çimento San. ve Tic. A.Ş.	14	--
Brisa Bridgestone Sabancı Lastık San.Ve Tic.A.Ş.	4	--
Aksigorta A.Ş.	3	358
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	310
	<b>1.612</b>	<b>1.664</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

	<b>31 December 2018</b>	
	<b>Receivables</b>	<b>Payables</b>
	Current	Current
<b>Balances with related parties</b>	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	1.415	450
Brisa Bridgestone Sabancı Lastik San.Ve Tic.A.Ş.	81	--
Çimsa Çimento San. ve Tic. A.Ş.	59	--
Akçansa Çimento San. ve Tic. A.Ş.	51	--
Hacı Ömer Sabancı Holding A.Ş.	51	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	49	218
Avivasa Emeklilik ve Hayat A.Ş.	39	--
Akbank T.A.Ş.	16	3
Yünsa Yünlü San. Ve Tic. A.Ş.	3	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	3.914
Aksigorta A.Ş.	--	152
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş.	--	1
	<b>1.764</b>	<b>4.738</b>

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
Deposit accounts in Akbank T.A.Ş.		
Demand deposit	2.870	8.756
	<b>2.870</b>	<b>8.756</b>

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
Credit card slip receivables in Akbank T.A.Ş.		
Credit card slip receivables	1.200	2.245
	<b>1.200</b>	<b>2.245</b>

	<b>1 January – 30 September 2019</b>		
	<b>Sale of</b>	<b>Rent</b>	<b>Other income /</b>
<b>Transactions with related parties</b>	<b>goods</b>	<b>expense</b>	<b>(expenses)</b>
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	3.831	(1.150)	(1.411)
Akbank T.A.Ş.	2.008	--	--
Aksigorta A.Ş.	253	--	351
Avivasa Emeklilik ve Hayat A.Ş.	236	--	--
Çimsa Çimento San.ve Tic.A.Ş.	169	--	--
Kordsa Teknik Tekstil A.Ş.	121	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	95	--	(3.852)
Akçansa Çimento San. ve Tic. A.Ş.	52	--	--
Yünsa Yünlü San. Ve Tic. A.Ş.	34	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	31	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	--	(419)
	<b>6.830</b>	<b>(1.150)</b>	<b>(5.331)</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

<b>Transactions with related parties</b>	<b>1 January - 30 September 2018</b>		
	<b>Sale of goods</b>	<b>Rent expense</b>	<b>Other income / (expenses)</b>
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	4.795	(3.359)	(181)
Akbank T.A.Ş.	4.339	--	--
Avivasa Emeklilik ve Hayat A.Ş.	1.323	--	--
Akçansa Çimento San. ve Tic. A.Ş.	104	--	--
Çimsa Çimento San.ve Tic.A.Ş.	64	--	--
Aksigorta A.Ş.	51	--	(1.082)
Brisa Bridgestone Sabancı Lastık San.Ve Tic.A.Ş.	34	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	33	--	(1.594)
H.Ö. Sabancı Holding A.Ş.	8	--	(63)
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	7	--	(1.191)
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	4	--	--
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	1	--	--
	<b>10.763</b>	<b>(3.359)</b>	<b>(4.111)</b>

The details of short and long term rent liabilities to related parties as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Short portion of long-term rent liabilities to related parties	202	--
Long-term rent liabilities to related parties	4.142	--
	<b>4.344</b>	<b>-</b>

The Company's key management has been identified as the general managers and assistant general managers. Remuneration to key management personnel consists of wages, premiums, pensions, health insurance and life insurance payments. Remunerations of key management personnel for the periods ended 30 September 2019 and 2018 are as follows:

	<b>1 January - 30 September 2019</b>	<b>1 January - 30 September 2018</b>
Salaries and other benefits	3.588	5.039
	<b>3.588</b>	<b>5.039</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 5 – CASH AND CASH EQUIVALENTS**

The details of cash and cash equivalents as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Credit card slip receivables	14.303	11.697
Demand deposit	6.049	12.562
Cash	1.791	2.728
	<b>22.143</b>	<b>26.987</b>

The Company does not have any time deposits as at 30 September 2019 and 31 December 2018.

The Company does not have any blocked deposits as at 30 September 2019 and 31 December 2018.

The Company's exposure to foreign currency risk for cash and cash equivalents are disclosed in Note 23.

**NOTE 6 – LOANS AND BORROWINGS**

The details of loans and borrowings as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>			
	<b>Currency</b>	<b>Interest rate</b>	<b>Amount</b>	<b>Maturity</b>
Bank borrowings	TL	% 14.60	121.049	2019
<b>Short-term loans and borrowings</b>			<b>121.049</b>	

	<b>31 December 2018</b>			
	<b>Currency</b>	<b>Interest rate</b>	<b>Amount</b>	<b>Maturity</b>
Bank borrowings	TL	24.00%	8.500	2019
<b>Short-term loans and borrowings</b>			<b>8.500</b>	

Finance lease payables consist of the followings:

Lease Liabilities	Present value of minimum lease payments	
	<b>30 September 2019</b>	<b>31 December 2018</b>
Within one year	19.772	--
Less: future finance charges	(2.735)	--
Present value of lease liabilities	<b>17.037</b>	--
Within two years and after	402.551	--
Less: future finance charges	(55.692)	--
Present value of lease liabilities	<b>346.859</b>	--

The Company's lease liabilities represent the present value of the future payables of the buildings and machinery and equipment that are rented by the third parties through their useful lives.

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**



**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

The details of trade receivables and payables as at 30 September 2019 and 31 December 2018 are as follows:

Short term trade receivables:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Trade receivables	47.374	46.171
Notes receivables	34.601	27.486
Due from related parties (Note 4)	1.612	1.764
Allowance for doubtful receivables (-)	(9.362)	(9.646)
	<b>74.225</b>	<b>65.775</b>

The movement of the allowance for doubtful receivables for the period ended 30 September 2019 and 2018 is as follows:

	<b>2019</b>	<b>2018</b>
As at 1 January	<b>9.646</b>	<b>12.422</b>
Charge for the period	(284)	(108)
Cancellation	--	(2.498)
As at 30 September	<b>9.362</b>	<b>9.816</b>

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 80 days for dealer groups. (31 December 2018: For retail: 1-7 days, 79 days for dealer receivables). As of 30 September 2019, the Company does not apply overdue interest on trade receivables. (31 December 2018: None).

As at 30 September 2019 and 31 December 2018, the Company holds the collaterals listed below for the checks, notes and trade receivables:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Letters of guarantees received	71.610	65.340
Mortgages	7.725	14.382
	<b>79.335</b>	<b>79.722</b>

Fair value of the collaterals which the Company is permitted to sell or re-pledge without the default by the owner of the collateral is TL 79.335 (31 December 2018: TL 79.722). As at the reporting date, there are not any collaterals or mortgages which are sold or re-pledged by the Company.

The exchange rate risk for the Company's trade receivables and payables is disclosed in Note 23.

	<b>30 September 2019</b>	<b>31 December 2018</b>
<u>Short term trade payables:</u>		
Trade payables	903.882	771.179
Expense accruals	21.410	1.225
Due to related parties (Note 4)	1.664	4.738
	<b>926.956</b>	<b>777.142</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)**

As at 30 September 2019, the Company offset income accruals from its suppliers amounting to TL 68.095 with trade payables (31 December 2018: TL 34.432). Average payment terms of trade payables is 107 days (31 December 2018: 83 days). The Company does not have payments on a monthly basis for late interest as of 30 September 2019. (31 December 2018: None.)

The Company’s exposure to foreign currency risk for short-term trade payables are disclosed in Note 23.

**NOTE 8 – INVENTORIES**

The details of the inventories as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Trading goods	629.979	506.728
Goods in transit	2.980	898
Allowance for impairment on inventories (-)	(17.366)	(14.949)
	<b>615.593</b>	<b>492.677</b>

The movements of allowance on inventories for the periods ended at 30 September 2019 and 2018 are as below

<i>Allowance for impairment on inventories:</i>	<b>2019</b>	<b>2018</b>
As at 1 January	(14.949)	(17.312)
(Change) for the period/used in the period, net	(2.417)	(3.614)
As at 30 September	<b>(17.366)</b>	<b>(20.926)</b>

**NOTE 9 – PREPAID EXPENSES AND DEFERRED REVENUE**

The details of prepaid expenses as at 30 September 2019 and 31 December 2018 are as follows:

<i>Short-term prepaid expenses</i>	<b>30 September 2019</b>	<b>31 December 2018</b>
Short term prepaid expenses	3.615	5.039
Advances given for inventories	340	964
	<b>3.955</b>	<b>6.003</b>
	<b>30 September 2019</b>	<b>31 December 2018</b>
<i>Long-term prepaid expenses</i>		
Long term prepaid expenses	51	265
	<b>51</b>	<b>265</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 9 – PREPAID EXPENSES AND DEFERRED REVENUE (Continued)**

The details of the deferred revenue as at 30 September 2019 and 31 December 2018 are as follows:

<i>Short-term deferred revenue</i>	<b>30 September 2019</b>	<b>31 December 2018</b>
Income from gift cards	7.182	7.380
Advances received	4.359	5.002
Other	102	150
	<b>11.643</b>	<b>12.532</b>

**NOTE 10 – INVESTMENT PROPERTY**

As of 30 September 2019 net book value of investment properties of the Company amounting TL 8.929 (31 December 2018: TL 8.929).

The Company generates rental income by TL 687 (2018: TL 282) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 208 (2018: TL 588). Operating expenses which are not related to the Teknosa store are distributed to lessees.

Land and buildings which are recognised as property, plant and equipment and investment property were revalued by an independent appraisal firm named Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 7 January 2019.

The appraisal firm is an accredited independent firm licensed by CMB, and have appropriate qualifications and recent experience in appraising properties in the relevant locations. For the fair value of the land and buildings owned "Comparative Analysis Method", "Cost Analysis Method" and "Direct Capitalization Analysis Method" were calculated by using the results obtained by harmonizing the final value was reached.

Fair value of the related land and building is level 2.

30 September 2019 and 31 December 2018 there is no mortgage on investment properties.

**NOTE 11 – RIGHT OF USE ASSET**

The movement of the right of use assets for the period ended 30 September 2019 is as follows:

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Opening balance 1 January 2019	391.022	3.376	394.398
Addition	13.940	--	13.940
Prepaid expense	1.572	--	1.572
Amortization	(75.495)	(1.340)	(76.835)
Closing balance 30 September 2019	<b>331.040</b>	<b>2.036</b>	<b>333.075</b>

For the period ended 30 September 2019, thereof TL 73.684 of depreciation charges included in marketing expenses (30 September 2018: None) and TL 3.151 included in general administrative expenses (30 September 2018: None).

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS**

The movement of tangible assets and related accumulated depreciation for the period ended 30 September 2019 are as follows:

<b>Cost</b>	<b>Land</b>	<b>Building</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>	<b>32.051</b>	<b>6.403</b>	<b>369</b>	<b>57</b>	<b>80.558</b>	<b>101.865</b>	<b>10.054</b>	<b>231.357</b>
Additions	--	660	--	--	2.342	8.338	8.536	19.876
Disposals	--	--	--	--	(3.562)	(8.977)	--	(12.539)
Allowance for impairment	--	--	--	--	(111)	--	--	(1.561)
Reversal of impairment	--	--	--	--	373	8.348	--	10.171
Transfers from construction in progress	--	--	--	--	1.878	184	(16.601)	(14.539)
<b>Balance at 30 September 2019</b>	<b>32.051</b>	<b>7.063</b>	<b>369</b>	<b>57</b>	<b>81.478</b>	<b>109.758</b>	<b>1.989</b>	<b>232.765</b>
<b>Accumulated depreciation and impairment losses</b>								
<b>Balance at 1 January 2019</b>	--	(3.892)	(369)	(53)	(61.176)	(76.283)	--	(141.773)
Charge for the period	--	(47)	--	(5)	(6.169)	(7.069)	--	(13.290)
Disposals	--	--	--	--	2.955	4.432	--	7.387
(Allowance for) / reversal of impairment, net (*)	--	--	--	--	(604)	(4.364)	--	(4.968)
<b>Balance at 30 September 2019</b>	--	<b>(3.939)</b>	<b>(369)</b>	<b>(58)</b>	<b>(64.994)</b>	<b>(83.284)</b>	--	<b>(152.644)</b>
<b>Net carrying amount at 31 December 2018</b>	<b>32.051</b>	<b>2.511</b>	--	<b>4</b>	<b>19.382</b>	<b>25.582</b>	<b>10.054</b>	<b>89.584</b>
<b>Net carrying amount at 30 September 2019</b>	<b>32.051</b>	<b>3.124</b>	--	<b>(1)</b>	<b>17.401</b>	<b>25.557</b>	<b>1.989</b>	<b>80.121</b>

(\*) As of 30 September 2019, the impairment loss and impairment reversed during the period calculated for property, plant and equipment is net TL 3.642 (30 September 2018: TL 5.635). For the period ended 30 September 2019, thereof TL 6.430 of depreciation charges included in marketing expenses (30 September 2018: TL 7.739) and TL 6.860 included in general administrative expenses (30 September 2018: TL 6.862).

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS (Continued)**

The movement of tangible assets and related accumulated depreciation for the period ended 30 September 2018 are as follows:

Cost	Land	Building	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<b>Balance at 1 January 2018</b>	<b>26.505</b>	<b>6.363</b>	<b>369</b>	<b>56</b>	<b>80.926</b>	<b>104.128</b>	<b>1.150</b>	<b>219.498</b>
Additions	--	--	--	--	4.120	4.821	7.930	16.871
Disposals	--	--	--	--	(5.813)	(12.128)	--	(17.941)
Allowance for impairment	--	--	--	--	(283)	--	--	(283)
Reversal of impairment	--	--	--	--	1.286	10.213	--	11.499
Transfers from construction in progress	--	--	--	--	521	767	(3.362)	(2.074)
<b>Balance at 30 September 2018</b>	<b>26.505</b>	<b>6.363</b>	<b>369</b>	<b>56</b>	<b>80.757</b>	<b>107.801</b>	<b>5.718</b>	<b>227.569</b>
<b>Accumulated depreciation and impairment losses</b>								
<b>Balance at 1 January 2018</b>	--	<b>(3.835)</b>	<b>(352)</b>	<b>(46)</b>	<b>(58.366)</b>	<b>(71.978)</b>	--	<b>(134.577)</b>
Charge for the period	--	(42)	(17)	(5)	(6.996)	(7.541)	--	(14.601)
Disposals	--	--	--	--	5.624	6.972	--	12.596
(Allowance for) / reversal of impairment, net	--	--	--	--	(336)	(5.245)	--	(5.581)
<b>Balance at 30 September 2018</b>	--	<b>(3.877)</b>	<b>(369)</b>	<b>(51)</b>	<b>(60.074)</b>	<b>(77.792)</b>	--	<b>(142.163)</b>
<b>Net carrying amount at 30 September 2018</b>	<b>26.505</b>	<b>2.486</b>	--	<b>5</b>	<b>20.683</b>	<b>30.009</b>	<b>5.718</b>	<b>85.406</b>
<b>Net carrying amount at 31 December 2017</b>	<b>26.505</b>	<b>2.528</b>	<b>17</b>	<b>11</b>	<b>22.560</b>	<b>32.150</b>	<b>1.150</b>	<b>84.921</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 13 – INTANGIBLE ASSETS**

<b>Cost</b>	<b>Licenses and Rights</b>	<b>Total</b>
<b>Opening balance at 1 January 2019</b>	<b>104.124</b>	<b>104.124</b>
Additions	7.863	7.863
Disposals	(17)	(17)
Transfers from construction in progress	14.539	14.539
<b>Closing balance at 30 September 2019</b>	<b>126.509</b>	<b>126.509</b>
<b>Accumulated amortisation and impairment losses</b>		
<b>Opening balance at 1 January 2019</b>	<b>(77.125)</b>	<b>(77.125)</b>
Charge for the year	(11.135)	(11.135)
Disposals	17	17
<b>Closing balance at 30 September 2019</b>	<b>(88.243)</b>	<b>(88.243)</b>
<b>Net book value as at 30 September 2019</b>	<b>38.266</b>	<b>38.266</b>
<b>Net book value as at 31 December 2018</b>	<b>26.999</b>	<b>26.999</b>

<b>Cost</b>	<b>Licenses and Rights</b>	<b>Total</b>
<b>Opening balance at 1 January 2018</b>	<b>88.777</b>	<b>88.777</b>
Additions	10.058	10.058
Disposals	(325)	(325)
Transfers from construction in progress	2.074	2.074
<b>Closing balance at 30 September 2018</b>	<b>100.584</b>	<b>100.584</b>
<b>Accumulated amortisation and impairment losses</b>		
<b>Opening balance at 1 January 2018</b>	<b>(64.593)</b>	<b>(64.593)</b>
Charge for the year	(9.444)	(9.444)
Disposals	272	272
<b>Closing balance at 30 September 2018</b>	<b>(73.765)</b>	<b>(73.765)</b>
<b>Net book value as at 30 September 2018</b>	<b>26.819</b>	<b>26.819</b>

For the period ended 30 September 2019, thereof TL 6.124 of amortisation charges included in marketing expenses (30 September 2018: TL 5.772) and TL 5.011 included in general administrative expenses (30 September 2018: TL 3.672).

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 14– PAYABLES RELATED TO EMPLOYEE BENEFITS**

The details of payables related to employee benefits as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Accrued salaries	8.569	6.721
Social security premiums payable	8.165	7.095
Income taxes payable	2.080	1.827
	<b>18.814</b>	<b>15.643</b>

The details of the provisions for employee benefits as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>	<b>31 December 2018</b>
<i>Short-term provisions</i>		
Provision for unused vacation	3.220	2.977
Provision for sales personnel premiums	3.198	2.966
Provision for other premiums	894	1.386
	<b>7.312</b>	<b>7.329</b>

	<b>30 September 2019</b>	<b>31 December 2018</b>
<i>Long-term provisions</i>		
Provision for employee termination benefit	7.589	6.386
Provision for other premium	2.123	1.884
	<b>9.712</b>	<b>8.270</b>

**Provisions for employment benefits**

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age after 25 years of service (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 14– PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISINS FOR EMPLOYEE BENEFITS (Continued)**

**Long-term provisions (continued)**

**Provisions for employment benefits (continued)**

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Due to the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 September 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4,55% real discount rate (31 December 2018: 4,55%) calculated by using 10,00% annual inflation rate and 15,00% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 8,5 % and 7,5%, respectively (2018: 12,2% and 7,5%), and 0% for employees working for 16 years and over. Ceiling for retirement pay is revised semi-annually. Probability has been determined as 100% for employees whose insurance register began before September 1999 (116 personnel) and the provision has been calculated accordingly.

**NOTE 15 – PROVISIONS**

The details of the other current provisions as at 30 September 2019 and 31 December 2018 are as follows:

	<b>30 September 2019</b>	<b>31 December 2018</b>
Provisions for ongoing litigation (*)	7.906	10.711
Provision for cancellation of rent agreements (**)	1.765	3.988
Other	2.518	3.100
	<b>12.189</b>	<b>17.799</b>

(\*) Provision for ongoing litigation is comprised of lawsuits filed by consumers and former employees against the Company

(\*\*) Provision for cancellation of rent agreements is comprised of penalties to be paid to landlords related to store closures before the termination date of the rent agreements.



**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 16 – COMMITMENTS**

***Collateral, pledge, mortgage position***

Collaterals, pledges and mortgages (“CPM”) given by the Company as at 30 September 2019 and 31 December 2018 are as follows:

**CPMs given by the Company**

	<b>30 September 2019</b>			
	<b>TL equivalent</b>	<b>USD</b>	<b>Euro</b>	<b>TL</b>
A. Total amount of CPM given on behalf of own legal personality	<b>295.248</b>	<b>8.492</b>	<b>5.160</b>	<b>217.108</b>
- Collaterals	285.971	7.346	4.385	217.108
- Letter of credit	11.278	1.146	775	--
- Pledges	--	--	--	--
- Mortgages	--	--	--	--
B. Total amount of CPM given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPM	--	--	--	--
<b>Total CPM</b>	<b>295.248</b>	<b>8.492</b>	<b>5.160</b>	<b>217.108</b>

**CPMs given by the Company**

	<b>31 December 2018</b>			
	<b>TL equivalent</b>	<b>USD</b>	<b>Euro</b>	<b>TL</b>
A. Total amount of CPM given on behalf of own legal personality	<b>234.139</b>	<b>7.632</b>	<b>4.700</b>	<b>165.656</b>
- Collaterals	234.139	7.632	4.700	165.656
- Pledges	--	--	--	--
- Mortgages	--	--	--	--
B. Total amount of CPM given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPM	--	--	--	--
<b>Total CPM</b>	<b>234.139</b>	<b>7.632</b>	<b>4.700</b>	<b>165.656</b>

The ratio of the CPM given on behalf of third parties except for the CPM given on behalf of the Company’s own legal personality to total equity is 0% as at 30 September 2019 (31 December 2018: 0%).

As at 30 September 2019 and 31 December 2018, the Company is mainly contingently liable in respect of bank letter of guarantees obtained from banks given to lessors in accordance with the lease agreements, enforcement office related to ongoing lawsuits and custom related to import transactions.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 – OTHER CURRENT ASSETS AND LIABILITIES**

The details of the other current and non-current assets as at 30 September 2019 and 31 December 2018 are as follows:

<i>Other current assets</i>	<b>30 September 2019</b>	<b>31 December 2018</b>
Job advances	1.770	343
Personnel advances	233	115
Other current assets	1.114	669
	<b>3.117</b>	<b>1.127</b>

The details of the other current liabilities as at 30 September 2019 and 31 December 2018 are as follows:

<i>Other current liabilities</i>	<b>30 September 2019</b>	<b>31 December 2018</b>
Value added tax ("VAT") payable	11.496	13.385
Other expense accruals (*)	455	496
Other liabilities and obligations	357	417
	<b>12.308</b>	<b>14.298</b>

(\*)Other expense accruals comprised of irrecoverable gift checks which were given and used Teknosacell Subscription who withdraw subscription subsequently and other various expense accruals.

**NOTE 18 - REVENUE**

The details of revenue and cost of revenue for nine month periods ended 30 September 2019 and 2018 are as follows.

<i>Revenue (net)</i>	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Retail sales	2.697.448	983.643	2.406.738	851.664
Distributor sales	182.455	53.499	210.375	68.018
	<b>2.879.903</b>	<b>1.037.142</b>	<b>2.617.113</b>	<b>919.682</b>

  

<i>Cost of revenue</i>	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Cost of trading goods sold	(2.364.068)	(848.911)	(2.130.520)	(738.310)
Installation and warranty expenses	(11.650)	(3.872)	(10.326)	(2.198)
	<b>(2.375.718)</b>	<b>(852.783)</b>	<b>(2.140.846)</b>	<b>(740.508)</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 19 –MARKETING AND ADMINISTRATIVE EXPENSES**

The details of marketing expenses for nine month periods ended 30 September 2019 and 2018 are as follows:

	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
<i>Marketing expenses</i>				
Personnel expenses	125.432	42.825	106.468	35.062
Depreciation and amortisation expenses	86.238	28.635	13.511	4.344
Advertising and promotion expenses	44.567	12.097	40.984	12.549
Rent expenses	44.521	16.077	137.080	49.577
Transportation expenses	16.505	5.667	15.865	5.942
Energy, fuel and water expenses	12.228	5.165	9.221	3.867
Consultancy expenses	9.114	5.260	4.260	832
Maintenance and cleaning expenses	4.868	1.849	5.011	2.313
Travel and accommodation expenses	969	417	918	311
Communication expenses	895	281	1.024	315
Other expenses	12.614	4.673	9.369	2.999
	<b>357.951</b>	<b>122.946</b>	<b>343.711</b>	<b>118.111</b>

The details of administrative expenses for nine month periods ended 30 September 2019 and 2018 are as follows:

	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
<i>Administrative expenses</i>				
Depreciation and amortisation expenses	15.022	4.744	10.534	3.643
Personnel expenses	14.169	4.668	13.661	3.937
IT expenses	8.684	3.005	7.958	2.324
Consultancy expenses	4.417	429	2.699	889
Maintenance expenses	365	114	311	95
Travel expenses	339	171	349	110
Rent expenses	302	198	3.341	1.243
Energy, fuel, water expenses	116	26	109	55
Other expenses	1.259	375	1.076	384
	<b>44.673</b>	<b>13.730</b>	<b>40.038</b>	<b>12.680</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 20 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

<i>Other income from operating activities</i>	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Interest income on credit sales	13.252	4.311	24.473	11.883
Foreign exchange gains	7.825	2.321	23.073	18.504
Reversal of provisions for cancellation of rent agreements (*)	1.000	--	753	753
Gift cards	879	501	562	185
Income from personnel	567	226	606	224
Insurance income	--	--	2.216	--
Other income	3.984	943	3.258	625
	<b>27.506</b>	<b>8.302</b>	<b>54.941</b>	<b>32.174</b>

(\*) Reversal of provisions for cancellation of rent agreements is comprised of the remaining amount released as a result of a settlement or the penalty payments with a discount to the landlords. For nine month periods ended 30 September 2019, reversal of provisions for cancellation of rent agreement is amounting to TL 1000 (2018: None).

The details of other expense from operating activities for nine month periods ended 30 September 2019 and 2018 are as follows:

<i>Other expense from operating activities</i>	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Interest expenses on payables	111.790	32.030	65.371	30.634
Foreign exchange loss	13.221	4.048	19.697	15.381
Litigation expenses	4.364	1.163	3.581	1.813
Other expenses	7.788	3.716	2.600	915
	<b>137.163</b>	<b>40.957</b>	<b>91.249</b>	<b>48.743</b>

**NOTE 21 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

The details of income from investing activities for nine month periods ended 30 September 2019 and 2018 are as follows:

	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Interest income on time deposits	105	--	78	15
Gain from sale of fixed assets	8	(274)	376	376
	<b>113</b>	<b>(274)</b>	<b>454</b>	<b>391</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 21 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)**

The details of expense from investing activities for nine month periods ended 30 September 2019 and 2018 are as follows:

	<b>1 January - 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Loss from sale of fixed assets	(5)	1	--	--
	<b>(5)</b>	<b>1</b>	<b>--</b>	<b>--</b>

**NOTE 22 – FINANCE EXPENSES**

The details of finance expense for nine month periods ended 30 September 2019 and 2018 are as follows:

<b>Finance Expenses</b>	<b>1 January – 30 September 2019</b>	<b>1 July - 30 September 2019</b>	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>
Interest expense due lease liabilities	58.427	18.882	--	--
Credit card commission expenses	41.278	18.169	18.285	8.474
Credit card discount expenses	26.652	9.346	16.092	6.869
Interest and commission expenses	26.040	11.660	31.268	16.068
Guarantee letters commission expenses	1.214	433	723	355
Other finance expenses	188	38	157	46
	<b>153.799</b>	<b>58.528</b>	<b>66.525</b>	<b>31.812</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 23 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**Foreign currency risk**

As the Company primarily purchases from domestic vendors in TL, the Company is exposed to limited foreign exchange risk.

The risk is monitored by the Board of Directors in regular meetings. The idle cash is invested in foreign currency in order to minimise the foreign exchange risk resulted from balance sheet items. The Company also manages the foreign currency risk by limited use of forward contracts, which is one of derivative instruments, if necessary.

**Foreign Currency Position**

	<b>30 September 2019</b>			
	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
1. Trade receivable	2.392	378	40	109
2a. Monetary financial assets (including cash on hand and bank accounts)	6	--	--	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	866	152	1	--
<b>4. Current assets (1+2+3)</b>	<b>3.264</b>	<b>530</b>	<b>41</b>	<b>109</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	351	62	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>351</b>	<b>62</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>3.615</b>	<b>592</b>	<b>41</b>	<b>109</b>
10. Trade payables	458	--	74	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non-monetary other liabilities	(2.072)	(364)	(2)	--
<b>13. Current liabilities (10+11+12)</b>	<b>(1.614)</b>	<b>(364)</b>	<b>72</b>	<b>--</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
<b>17. Non-current liabilities (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>(1.614)</b>	<b>(364)</b>	<b>72</b>	<b>--</b>
<b>19. Net position of financial statement (9+18)</b>	<b>1.135</b>	<b>76</b>	<b>117</b>	<b>109</b>
Off-balance sheet derivative assets	--	--	--	--
Off-balance sheet derivative liabilities	--	--	--	--
<b>20. Net position of foreign currency derivatives</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>21. Net position of foreign currency asset / (liability) (19+20)</b>	<b>2.001</b>	<b>228</b>	<b>113</b>	<b>109</b>
<b>22. Net position of monetary foreign currency asset / (liability) (19)-(3+7)</b>	<b>371</b>	<b>228</b>	<b>114</b>	<b>109</b>
<b>23. Total fair value of foreign currency hedge</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. The amount for the hedged portion foreign currency assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>25. The amount for the hedged portion of foreign currency liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**  
**(Continued)**

**Foreign Currency Position (continued)**

Foreign Currency Position	31 December 2018			
	TL equivalent	USD	EUR	Other
1. Trade receivable	1.528	152	120	109
2a. Monetary financial assets (including cash on hand and bank accounts)	53	2	7	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	5.086	536	376	--
<b>4. Current assets (1+2+3)</b>	<b>6.667</b>	<b>690</b>	<b>503</b>	<b>109</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>6.667</b>	<b>690</b>	<b>503</b>	<b>109</b>
10. Trade payables	(7.558)	(1.541)	91	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non-monetary other liabilities	(1.974)	(389)	12	--
<b>13. Current liabilities (10+11+12)</b>	<b>(9.532)</b>	<b>(1.930)</b>	<b>103</b>	<b>-</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
<b>17. Non-current liabilities (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>(9.532)</b>	<b>(1.930)</b>	<b>103</b>	<b>-</b>
<b>19. Net position of financial statement (9+18)</b>	<b>(2.865)</b>	<b>(1.240)</b>	<b>606</b>	<b>109</b>
Off-balance sheet derivative assets	--	--	--	--
Off-balance sheet derivative liabilities	--	--	--	--
<b>20. Net position of foreign currency derivatives</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>21. Net position of foreign currency asset / (liability) (19+20)</b>	<b>(2.865)</b>	<b>(1.240)</b>	<b>606</b>	<b>109</b>
<b>22. Net position of monetary foreign currency asset / (liability) (19)-(3+7)</b>	<b>(5.464)</b>	<b>(1.387)</b>	<b>218</b>	<b>109</b>
<b>23. Total fair value of foreign currency hedge</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. The amount for the hedged portion foreign currency assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>25. The amount for the hedged portion of foreign currency liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**  
**(Continued)**

**Foreign Currency Position (continued)**

The table below presents the Company’s sensitivity to a 10% deviation in foreign exchange rates of USD, EUR and other foreign currencies. These amounts have indicated the effect of the USD, EUR and other foreign currencies against TL strengthened / weakened by 10%. During this analysis all other variables held constant.

**Foreign Currency Sensitivity Table**

	<b>30 September 2019</b>	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
1 - USD Dollars net assets/liabilities	129	(129)
2- Amount hedged for USD risk (-)	--	--
<b>3- USD net effect (1 +2)</b>	<b>129</b>	<b>(129)</b>
In case 10% appreciation of EUR against TL		
4 - EUR net assets/liabilities	70	(70)
5 - Amount hedged for EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>70</b>	<b>(70)</b>
In case 10% appreciation of other currency against TL		
7- Net assets/liabilities in other foreign currency	1	(1)
8- Amount hedged for other currency risk (-)	--	--
<b>9- Other currency assets net effect (7+8)</b>	<b>1</b>	<b>(1)</b>
<b>TOTAL (3+6+9)</b>	<b>200</b>	<b>(200)</b>

**Foreign Currency Sensitivity Table**

	<b>31 December 2018</b>	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
1 - USD Dollars net assets/liabilities	(652)	652
2- Amount hedged for USD risk (-)	--	--
<b>3- USD net effect (1 +2)</b>	<b>(652)</b>	<b>(652)</b>
In case 10% appreciation of EUR against TL		
4 - EUR net assets/liabilities	365	(365)
5 - Amount hedged for EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>365</b>	<b>(365)</b>
In case 10% appreciation of other currency against TL		
7- Net assets/liabilities in other foreign currency	1	(1)
8- Amount hedged for other currency risk (-)	--	--
<b>9- Other currency assets net effect (7+8)</b>	<b>1</b>	<b>(1)</b>
<b>TOTAL (3+6+9)</b>	<b>(286)</b>	<b>286</b>



**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)**

	Amortized cost	Derivative financial instruments	Financial liabilities at amortised cost	Carrying value	<i>Note</i>
<b>30 September 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	22.143	--	--	22.143	5
Trade receivables (including due from related parties)	74.225	--	--	74.225	7
Other receivables ( including due from related parties)	550	--	--	550	
<b>Financial liabilities</b>					
Bank borrowings	--	--	121.049	121.049	6
Lease liabilities (including due to related parties )	--	--	363.896	363.896	6
Trade payables (including due to related parties )	--	--	926.956	926.956	7
Other payables (including due to related parties )	--	--	2.225	2.225	
<b>31 December 2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	26.987	--	--	26.987	5
Trade receivables (including due from related parties)	65.775	--	--	65.775	7
Other receivables (including due from related parties)	581	--	--	581	
<b>Financial liabilities</b>					
Bank borrowings	--	--	8.500	8.500	6
Trade payables (including due to related parties )	--	--	777.142	777.142	7
Other payables (including due to related parties )	--	--	1.990	1.990	

The Company management assumes that the carrying values of the financial assets and liabilities are close to their fair value because of their short-term nature.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 25 – EVENTS AFTER THE REPORTING PERIOD**

The Company made an announcement on Public Disclosure Platform on 30 October 2019 in accordance with the CMB's principal decision numbered 11/352 and 10 April 2014 dated as detailed below:

"The Company issued its financial statements as at 30 September 2019 which are prepared in accordance with the CMB regulations. The Company's equity in these financial statements amounting to full TL(-) 193.166.141 and the brand value which is the off-balance sheet asset of the Company is amounting to full TL 315.159.000 are considered in accordance with the CMB's principal decision numbered 2014/11. There is no change in the negative equity status of the Company in these financial statements which are prepared in accordance with above mentioned the CMB regulations. As a result, statement of financial position is prepared in accordance with the related article of TCC 376 based on the CMB's principal decision numbered 2014/11. The brand value is included in the statement of financial position prepared in accordance with the related article of TCC 376.

Equity of this statement of financial position prepared in accordance with the related article of TCC 376 is amounting to full TL (+) 121.992.859. This indicates that the Company maintains its share capital amounting to full TL 110.000.000 in equity status."