

**LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI
SANAYİ VE TİCARET ANONİM ŞİRKETİ**

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2019
TOGETHER WITH AUDITOR' S REPORT

**LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI
SANAYİ VE TİCARET ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS FOR THE PERIOD OF
JANUARY 01, 2019 – DECEMBER 31, 2019
INDEPENDENT AUDIT'S REPORT**

**To the Board of Directors of
Link Bilgisayar Sistemleri Yazılımı Ve Donanımı Sanayi Ve Ticaret A.Ş.**

Opinion

We have audited the financial statements Link Bilgisayar Sistemleri Yazılımı Ve Donanımı Sanayi Ve Ticaret A.Ş. (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS) and IAS.

Other Matters

As of 31 December 2018, the financial statements of the company have been audited by another independent audit company. Unqualified opinion was expressed in the independent audit report dated 07 February 2019.

Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (ISA) (of Turkey) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

- Revenue Recognition

In the period between 1 January - 31 December 2019, the Company has generated domestic sales revenue of TRY 15.672.440. As stated in the summary of "Significant Accounting Policies"; sales revenues are recognized on an accrual basis at the fair value of the consideration received or receivable upon the issuance of the good, the amount of revenue to be measured reliably and the probability that the economic benefits associated with the transaction will be acquired by the Company.

How the issue is addressed in the audit

During our audit, the following audit procedures were applied for the recognition of revenue.

- The design and implementation of controls related to the revenue process were evaluated. The company's sales and delivery procedures were analysed.
- In order to test whether the sales selected by the sampling method were recorded in the correct period, the terms of shipment, delivery and delivery documents and sales invoices of the sales contracts on customer basis were compared.
- In order to evaluate the collectability of the receivables from related sales, the customers were tested for their payments in the year and their open balances at the end of the period were confirmed by external verification.
- Focusing on the records of revenue transactions at the right time, which includes the testing of accounting records and the risk of the management violating the controls, is focused on the records.

Capitalized Development Costs

The Company capitalizes R&D costs for developing the software. The R&D costs detailed in Note 14, it is determined as significant for our audit due to the share of the related costs in the accompanying financial statements as of December 31, 2019 and variety of nature of costs and management judgments involved in the capitalization process

How the issue is addressed in the audit

The Company has been granted an R&D Centre Certificate to be valid since 16.11.2016 by the Ministry of Science, Industry and Technology. In this context, the Company can benefit from the supports provided by Law No. 5746 on Supporting Research, Development and Design Activities. In our audit, project-based expense details related to the costs activated are checked with the movement table of intangible assets. Since the expenditures are predominantly composed of personnel costs, the personnel costs associated with the projects have been tested and verified with personnel payrolls and timelines.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are: Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the ISA will always detect a material misstatement when it exists. Inaccuracies may be caused by error or trick. Misstatements can arise from fraud or error and are material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with standards on auditing as issued by the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management and Risk Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 20, February 2020.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Özkan Cengiz.

İstanbul, February 20, 2020

HSY Danışmanlık ve Bağımsız Denetim Anonim Şirketi

Member, Crowe Global

Özkan Cengiz

Partner, CPA

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LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ**THE AUDITED OF STATEMENT FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2019**

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

	Notes	Current Period 31.12.2019 TRY	Prior Period 31.12.2018 TRY
ASSETS		40.421.992	31.805.417
CURRENT ASSETS		31.091.224	23.847.267
Cash and Cash Equivalents	51	23.785.106	18.840.389
Trade Receivables	7	7.169.715	4.880.840
- Other Trade Receivables	7	7.169.715	4.880.840
Other Receivables	9	37.267	55.521
- Other Receivables	9	37.267	55.521
Inventories	10	17.169	9.563
Prepaid Expenses	12	51.948	52.844
- Other Prepaid Expenses	12	51.948	52.844
Other Current Assets	29	30.019	8.110
TOTAL CURRENT ASSETS		31.091.224	23.847.267
NON-CURRENT ASSETS		9.330.768	7.958.150
Other Receivables	9	344	843
- Other Receivables	9	344	843
Investment Properties	13	2.750.000	2.500.000
Tangible Assets	14	115.233	76.532
Intangible Assets	17	6.461.994	5.380.214
- Other Intangible Assets	17	6.461.994	5.380.214
Prepaid Expenses	12	3.197	561
- Other Prepaid Expenses	12	3.197	561
TOTAL NON-CURRENT ASSETS		9.330.768	7.958.150
TOTAL ASSETS		40.421.992	31.805.417

The accompanying accounting policies and notes from an integral part of these financial statements.

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ
THE AUDITED OF STATEMENT FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2019
(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

	Notes	Current Period 31.12.2019 TRY	Prior Period 31.12.2018 TRY
LIABILITIES		40.421.992	31.805.417
Short-Term Liabilities		3.400.282	1.626.934
Trade Payables	7	511.261	173.256
- Other Trade Payables	7	511.261	173.256
Liabilities Under Employee Benefits	27	957.143	479.600
Other Payables	9	849.615	685.410
- Other Payables	9	849.615	685.410
Deferred Income	12	165.801	124.834
- Other Deferred Income	12	165.801	124.834
Tax liabilities for The Period Profit	38	916.462	163.834
Total Short-Term Liabilities		3.400.282	1.626.934
Long-Term Liabilities		2.313.120	2.186.888
Long-Term Provisions	25	2.286.208	1.922.355
- Long-Term Provisions for Employee Benefits	25	2.286.208	1.922.355
Deferred Tax Liabilities	38	26.912	264.533
Total Long-Term Liabilities		2.313.120	2.186.888
EQUITY		34.708.590	27.991.595
Parent Company Shareholder's Equity		34.708.590	27.991.595
Paid in Capital	30	5.500.000	5.500.000
Differences in Capital Adjustment	30	4.178.483	4.178.483
Accumulated Other Comprehensive Income/(Expenses) That Will Not Be Reclassified in Profit or Loss Statement	30	668.074	747.422
- Revaluation and Measurement Gains (Losses)	30	668.074	747.422
- Revaluation of Intangible Assets (Impairment)	30	1.728.151	1.728.151
- Defined Benefit Plans Re-Measurement Gains (Losses)	30	(1.060.077)	(980.729)
Reserves on Retained Earnings	30	892.011	546.021
Accumulated Profit/Losses	30	16.023.679	9.698.091
Net Profit/Loss for The Period	39	7.446.343	7.321.578
Total Equity		34.708.590	27.991.595
TOTAL EQUITY AND LIABILITIES		40.421.992	31.805.417

The accompanying accounting policies and notes from an integral part of these financial statements.

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ
AUDITED INCOME STATEMENT FOR THE PERIOD BETWEEN JANUARY 01 – DECEMBER 31, 2019
(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

		Current Period 01.01.2019 31.12.2019 TL	Prior Period 01.01.2018 31.12.2018 TL
Revenue	31	15.672.440	11.527.717
Cost of Sales (-)	31	(2.366.178)	(1.873.225)
GROSS PROFIT/LOSS FROM COMMERCIAL ACTIVITIES		13.306.262	9.654.492
GROSS PROFIT/LOSS		13.306.262	9.654.492
General Administrative Expenses (-)	28	(3.679.830)	(2.543.575)
Marketing Expenses (-)	28	(2.655.227)	(2.305.481)
Research and Development Expenses (-)	28	(1.940.482)	(1.551.618)
Other Income from Operations	34	248.508	219.099
Other Expenses from Operations (-)	34	(145.118)	(153.837)
OPERATING PROFIT/LOSS		5.134.113	3.319.080
Income from Investing Activities	35	969.263	304.346
Expenses from Investing Activities	35	(391.175)	(4.586)
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSES		5.712.201	3.618.840
Financial Income	36	4.105.531	7.212.168
Financial Expenses (-)	36	(1.452.808)	(2.198.524)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		8.364.924	8.632.484
Continuing Operations Tax Income/(Expense)		(918.581)	(1.310.906)
-Tax Income/(Expense) for The Period	38	(1.133.820)	(1.278.325)
-Deferred Tax Income /(Expense)	38	215.239	(32.581)
PROFIT/(LOSS) CONTINUING OPERATIONS FOR THE PERIOD		7.446.343	7.321.578
PROFIT/(LOSS) FOR THE PERIOD		7.446.343	7.321.578
Earnings Per Share (Loss)		1,35	1,33
-Earnings (Loss) Per Share for Continuing Operations	39	1,35	1,33
PROFIT/(LOSS) FOR THE PERIOD		7.446.343	7.321.578
OTHER COMPREHENSIVE INCOME	37	(79.348)	(588.083)
Items that will not be reclassified subsequently to profit or loss		(79.348)	(588.083)
Defined Benefit Plans Re-Measurement Gains (Losses)	37	(101.728)	(753.952)
Taxes Which Will Not Be Reclassified in Profit or Loss, Related to Other Comprehensive Income	37	22.380	165.869
- Deferred Tax Expense/Income	37	22.380	165.869
OTHER COMPREHENSIVE INCOME		(79.348)	(588.083)
TOTAL COMPREHENSIVE INCOME (EXPENSES)		7.366.995	6.733.495

The accompanying accounting policies and notes from an integral part of these financial statements.

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ
AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN JANUARY 01 – DECEMBER 31, 2019
(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

Accumulated Other Comprehensive Income/(Expenses) That Will Not Be Reclassified in Profit or Loss Statement											
Revaluation and Measurement Gains (Losses)							Accumulated Profit				
CURRENT PERIOD	Notes	Paid in Capital	Capital Adjustment Differences	Tangible Assets Revaluation (Losses)	Intangible Assets Revaluation (Losses)	Defined Benefit Plans Re- Measurement Gains (Losses),	Restricted Reserves	Retained Earnings	Net Profit/Loss for The Period	Parent Shareholders' Equity	Total Equity
January 1, 2019 (Beginning of The Period)		5,500,000	4,178,483	1,728,151	--	(980,729)	546,021	9,698,091	7,321,578	27,991,595	27,991,595
Balance After Adjustments		5,500,000	4,178,483	1,728,151	--	(980,729)	546,021	9,698,091	7,321,578	27,991,595	27,991,595
Transfers	30	--	--	--	--	--	345,990	6,975,588	(7,321,578)	--	--
Total Comprehensive Income (Expense)		--	--	--	--	(79,348)	--	--	7,446,343	7,366,995	7,366,995
- Profit/(Loss) For the Period	39	--	--	--	--	--	--	--	7,446,343	7,446,343	7,446,343
- Other Comprehensive Income (Expense)	37	--	--	--	--	(79,348)	--	--	--	(79,348)	(79,348)
Dividends	30	--	--	--	--	--	--	(650,000)	--	(650,000)	(650,000)
December 31, 2019 (Ending of The Period)		5,500,000	4,178,483	1,728,151	--	(1,060,077)	892,011	16,023,679	7,446,343	34,708,590	34,708,590
PRIOR PERIOD											
January 1, 2018 (Beginning of The Period)		5,500,000	4,178,483	1,728,151	--	(392,646)	393,953	6,098,299	3,766,632	21,272,872	21,272,872
Changes in Accounting Policies		--	--	--	--	--	--	(14,772)	--	(14,772)	(14,772)
Balance After Adjustments		5,500,000	4,178,483	1,728,151	--	(392,646)	393,953	6,083,527	3,766,632	21,258,100	21,258,100
Transfers	30	--	--	--	--	--	152,068	3,614,564	(3,766,632)	--	--
Total Comprehensive Income (Expense)		--	--	--	--	(588,083)	--	--	7,321,578	6,733,495	6,733,495
- Profit/(Loss) For the Period	39	--	--	--	--	--	--	--	7,321,578	7,321,578	7,321,578
- Other Comprehensive Income (Expense)	37	--	--	--	--	(588,083)	--	--	--	(588,083)	(588,083)
		5,500,000	4,178,483	1,728,151	--	(980,729)	546,021	9,698,091	7,321,578	27,991,595	27,991,595

The accompanying accounting policies and notes from an integral part of these financial statements.

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ
AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD BETWEEN JANUARY 01 – DECEMBER 31, 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

		Current Period 01.01.2019 31.12.2019	Prior Period 01.01.2018 31.12.2018
	Notes	TL	TL
A. CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		8.014.987	7.831.031
Profits (Losses) for The Period		7.446.343	7.321.578
Profit (Loss) from Continuing Operations	39	7.446.343	7.321.578
Net Profit (Loss) Reconciliation Related Adjustments		1.061.978	531.292
Adjustments for Depreciation and Amortization	13-17	1.913.890	1.549.062
Adjustments for Impairment (Reversal) (+/-)	7	12.311	(14.772)
- Adjustments for Impairment (Reversal) on Receivables	7	12.311	(14.772)
Adjustments for Provisions (+/-)	25	284.505	393.285
- Adjustments for Provisions for Employee Benefits (Reversal)	25	284.505	393.285
Adjustments for Interest Income and Expenses (+/-)	36	(655.222)	(969.427)
- Adjustments for Interest Income	36	(691.466)	(1.058.988)
- Adjustments for Interest expenses	36	83.250	134.946
- Deferred Financing Costs Arising from The Term Purchase	34	106.299	902
- Unearned Finance Income Arising from Forward Sales	34	(153.305)	(46.287)
Fair value gains/losses	35	(250.000)	(275.000)
- Adjustment for fair value losses(gains) of investment properties	35	(250.000)	(275.000)
Adjustments for Tax Revenue/Expenditure	38	(237.621)	(137.453)
Adjustments for Losses (Earnings) Arising from Disposal of Fixed Assets	13-17	(5.885)	(14.403)
- Adjustments for Losses (Earnings) Arising from Disposal of Intangible Assets	13-17	(5.885)	(14.403)
Changes in Working Capital		(1.245.962)	(56.054)
Increase/Decrease in Financial Investments		--	288.877
Adjustments for Increase/Decrease in Trade Receivables	7	(2.406.986)	(629.080)
- Increase/Decrease in Other Trade Receivables	7	(2.406.986)	(629.080)
Adjustments for Increase/Decrease in Other Receivables Related with Activities	9	18.254	25.372
- Increase/Decrease in Other Receivables Related with Activities from Related Parties	9	--	38.373
- Increase/Decrease in Other Receivables Related with Activities from Other Parties	9	18.254	(13.001)
Adjustments for Increase/Decrease in Inventories	10	(7.606)	7.551
Increase/Decrease in Prepaid Expenses	12	(1.740)	(14.322)
Adjustments for Increase/Decrease in Trade Payables	7	491.310	54.732
- Increase/Decrease in Trade Payables to Other Parties	7	491.310	54.732
Increase/Decrease in Payables as Part of Employee Benefits	27	477.543	104.501
Adjustments for Increase/Decrease in Other Payables Related with Activities	9	164.205	163.240
- Increase/Decrease in Other Payables Related with Activities to Other Parties	9	164.205	163.240
Increase/Decrease in Deferred Income	12	40.967	(46.530)
Adjustments on Other Increase/Decrease in Realized Working Capital	29	(21.909)	(10.395)
- Increase/Decrease in Other Assets Related with Activities	29	(21.909)	(6.073)
- Increase/Decrease in Other Liabilities Related with Activities	29	--	(4.322)
The Cash Flow Generated from Operations (+/-)		7.262.359	7.796.816
Tax Refunds (Payments)	38	752.628	34.215
B. CASH FLOW FROM INVESTING ACTIVITIES		(3.028.487)	(2.682.273)
Cash Inflows for Sales Tangible and Intangible Assets	13-17	--	9.964
- Cash inflows arising from The Sale of Tangible Assets	13	--	9.964
Cash Outflows for Purchasing Tangible and Intangible Assets	13-17	(3.028.487)	(2.692.237)
- Cash Outflows for Purchasing Tangible Assets	13	(81.604)	--
- Cash Outflows for Purchasing Intangible Assets	17	(2.946.882)	(2.692.237)
C. CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		(66.412)	806.206
Dividends Paid		(650.000)	--
Interest Paid		(83.250)	(134.946)
Interest Received		666.838	941.152
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY		4.920.089	5.954.964
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS (A+B+C+D)		4.920.089	5.954.964
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		18.840.389	12.826.507
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		23.760.478	18.781.471

The accompanying accounting policies and notes from an integral part of these financial statements.

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO AUDITED FINANCIAL STATEMENTS, FOR THE PERIOD DECEMBER 31,2019**

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

NOTE 1– ORGANIZATION AND NATURE OF OPERATIONS**General Information**

Link Bilgisayar Sistemleri Yazılımı ve Donanımı Sanayi ve Ticaret A.Ş. ("Company") was established in İstanbul on 07.01.1985. A certain part of the company's shares (31,00%) are traded on Borsa İstanbul (BIST). Company's address: 'Kısıklı Caddesi No:2 Ak İş Merkezi A Blok Kat:2 Altunizade Üsküdar 34662 İstanbul

Link Bilgisayar Sistemleri Yazılımı ve Donanımı Sanayi ve Ticaret A.Ş., is engaged in software, marketing, sales, consultancy and training activities.

Company's address, trade register, tax office, tax number and communication details are explained in below:

Official address:	Kısıklı Caddesi No:2 Ak İş Merkezi A Blok Kat:2 Altunizade / İstanbul
Trade register number:	209892
Tax office:	Üsküdar Tax Office
Tax number:	6090006829
Phone - Fax:	0216 522 00 00– Fax: 0216 474 10 92
Website:	http://www.link.com.tr/

As of 31 December 2019, the number of staff working in the Company is 45. (December 31, 2018: 48)

b) The Structure of Capital

The Company's capital is TRY 5.500.000. The capital of the company is divided into 550.000.000 bearer shares each with a nominal value of TRY 0.01. (31 December 2018: 550.000.000 bearer shares each with a nominal value of TRY 0.01.)

The name with share capital of the company is explained in below:

Shareholders	Share (%)	31.12.2019	Share (%)	31.12.2018
		TRY		TRY
Link Holding A.Ş. (*)	--	--	37,43%	2.058.541
Murat Kasaroğlu	46,22%	2.542.174	20,40%	1.121.781
Hayguyi Antikacıoğlu	19,41%	1.067.691	8,18%	450.129
Public	31,00%	1.704.737	30,80%	1.694.237
Other	3,37%	185.398	3,19%	175.312
Total	100%	5.500.000	100%	5.500.000
Capital adjustment difference		4.178.483		4.178.483
Total		9.678.483		9.678.483

NOT 1 – ORGANIZATION AND NATURE OF OPERATIONS (Cont.)

b) The Structure of Capital (Cont.)

All assets and liabilities of Link Holding A.Ş. have been taken over by Link Bilgisayar A.Ş. within the scope of the merger. The merger decision was registered on December 31, 2019.

The shares owned by Link Holding A.Ş. in Link Bilgisayar A.Ş. were transferred to other shareholders of Link Bilgisayar A.Ş.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1) Basis of Presentation

The accompanying financial statements are prepared in accordance with 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. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("IFRS") and its addendum and interpretations ("IFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards It was also presented in accordance with the TMS taxonomy published by the ("POA") on April 15, 2019.

Approval of financial statements :

The Company's financial statements for the period ended 31 December 2019 and ended at this date were approved by the Board of Directors on 20 February 2020. The General Assembly has the power to change the financial statements after the publication of the financial statements.

2.1.2) Comparatives and adjustment of prior periods consolidated financial statements

In order to allow for the determination of the financial situation and performance trends the Company's financial statements have been presented comparatively with the previous year. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

The independent audited financial statements of the Company dated 31.12.2018 have been prepared as individual. As of 31.12.2019, the company has taken over all assets and liabilities of Link Holding A.Ş. Since the partners of Link Holding A.Ş are the same as the partners of Link Bilgisayar A.Ş., the "Decision to Accounting Business Combinations subject to 2018-1 Joint Control" published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). the merger transactions accounted in accordance resolution published by POA.

In this context, the Company has included the financial statements of Link Holding A.Ş since the beginning of having control on Link Holding A.Ş. For this reason, the 31 December 2018 financial statements presented comparatively are presented after being restated.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.1) Basis of Presentation (Cont.)

2.1.3) Functional and reporting currency

The Company's functional and reporting currency is Turkish Lira ("TRY"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation are recognized in the consolidated statement of income.

2.1.4) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the Company management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

- a) The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long- term nature of these plans, such estimates are subject to significant uncertainty.
- b) The Company assesses whether there is any impairment indicator in investment properties and compares carrying values of the investment property with the fair determined in the valuation report obtained by a property appraiser company licensed by CMB.
- c) Company management has made assumptions based on the experience of the technical staff in determining the useful life of tangible and intangible assets.
- d) Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. In determination of deferred tax asset to be recognized, there are certain assumptions and judgments made about future taxable income to be recognized in the future. Deferred tax asset is recorded for the periods ending as of December 31, 2019 and 2018 since the assumptions used regarding that the Company has taxable profit in following periods.
- e) The company capitalizes ongoing development expenditures and assesses whether the related asset has an impact on the assets that will increase or decrease the cost of the Company during the useful life of the asset in the subsequent periods and whether there is an impairment of the year. As of December 31, 2019, and December 31, 2018, no impairment was determined for the development expenses that were capitalized.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.2) Changes in Turkey Financial Reporting Standards

New and revised standards and comments

The accounting policies adopted in preparation of the interim condensed financial statements as at December 31, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

New standards, amendments and interpretations effective from 1 January 2019

IFRS 16 Leases

In April 2018, POA has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognizes an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16:

The Company adopted IFRS 16 using the modified retrospective approach. The Company elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company therefore did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.2) Changes in Turkey Financial Reporting Standards (Cont.)

Amendments to IAS 28 “Investments in Associates and Joint Ventures” (Amendments)

In December 2017, POA issued amendments to IAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. IFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with IAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in IFRS 9 applies only to interests a company accounts for using the equity method. A company applies IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures. These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in “IAS 12 Income Taxes” when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately.
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities.
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The interpretation did not have a significant impact on the financial position or performance of the Company.

Annual Improvements – 2015–2017 Cycle

In January 2019, POA issued Annual Improvements to IFRS Standards 2015–2017 Cycle, amending the following standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.2) Changes in Turkey Financial Reporting Standards (Cont.)

Annual Improvements – 2015–2017 Cycle

- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings

The amendments are effective from annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Company.

Plan Amendment, Curtailment or Settlement” (Amendments to IAS 19)

In January 2019, the POA published Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019, early application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The POA issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortized cost

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortized cost some prepayable financial assets with so-called negative compensation.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

Standards issued but not yet effective and not early adopted

The new standards, comments and amendments that have been published as of the date of approval of the financial statements but have not yet entered into force for the current reporting period and have not started to be applied early by the Company are as follows. Unless otherwise specified, the company will make the necessary changes that will affect the consolidated financial statements and footnotes after the new standards and interpretations become effective.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.2) Changes in Turkey Financial Reporting Standards (Cont.)

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

IFRSS 17 - The new Standard for insurance contracts

The PAO issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Definition of a Business (Amendments to IFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- *clarify the minimum requirements for a business,*
- *remove the assessment of whether market participants are capable of replacing any missing elements.*
- *add guidance to help entities assess whether an acquired process is substantive,*
- *narrow the definitions of a business and of outputs; and*
- *introduce an optional fair value concentration test.*

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Changes in Turkey Financial Reporting Standards (Cont.)

Definition of Material (Amendments to IAS 1 and IAS 8)

In June 2019, the PAO issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively, and earlier application is permitted. Overall, the Company expects no significant impact on its balance sheet and equity.

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after January 1, 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement
- Prospective Assessments
- Retrospective Assessments
- Separately identifiable risk components

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid investments whose risk of value change is not material including time deposits generally having original maturities of three months or less.

Financial assets

The Group classifies its financial assets in three categories; through amortization, through fair value difference reflected in other comprehensive income and through financial assets at fair value through profit and loss. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial assets. The Group classifies its assets at the date of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets change, and in case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Investment properties

Investment properties are properties that are held to obtain capital will, such as rent and / or appreciation gains, and are first measured by their cost values and the transaction costs involved. After the initial accounting, investment properties are valued with their fair values reflecting the market conditions as of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss in the period when they occur.

Investment properties are excluded from the statement of financial position if they are sold or become unusable and it is determined that there will be no future economic benefits from their sale. Profit / loss arising from the expiration or sale of investment properties is included in the consolidated statement of profit or loss in the period in which they occur.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)**2.3) Summary of significant accounting policies (Cont.)****Tangible assets**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into the operation, such as repairs and maintenance and overhaul costs are normally charged to income in the period the costs are incurred. Expenditures are added to cost of assets if the expenditures provide economic added value for the future use of the related property, plant and equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives. The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment (Note 14)

	Useful Life
Motor vehicles	4-5 - years
Furniture and fixtures	3-10 - years
Leasehold improvements	4-5 - years

In case of any indication of the impairment in the carrying value of property, plant and equipment, the recoverable amount is reassessed and provision for impairment is reflected in the consolidated financial statements.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset. Gains and losses on sale of property, plant and equipment are included in other income and expense from investment activities.

Intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over their useful lives. The depreciation period for the intangibles capitalized in relation with the new models will be started after the production of these models is started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Impairment of assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Company compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the statement of profit or loss.

Research and development expenditures

Research expenses are recognized as expense on the date it is realized. Development expenses related to a project can be carried forward to the next periods when it is sure its future realizable value. Any expenditure carried is depreciated over the period of expected future sales of the project to which it relates. The Company directly associates research expenses with the income statement in the period it occurs. The total development expense capitalized in the period is TRY 2.948.185 (31.12.2018: TRY 2.681.210).

Government Incentives

Government incentives are not recognized unless the Company meets the requirements related to these incentives and there is no reasonable reason for receiving this incentive. These incentives are accounted as income in the related period to match the costs expected to cover. The income from the incentives provided by the government is accounted for as a discount from an appropriate expense item.

The Ministry of Science, Industry and Technology has issued an R&D Center Certificate to the Company, effective from 16.11.2016. In this context, the Company can benefit from the supports provided by Law No. 5746 on Supporting Research, Development and Design Activities. Detailed information on Government Incentives and Aids is included in Note: 23.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Leasing Transactions

Financial Leasing: There are no financial leasing transactions.

Operational Leasing (Company as a lessee): The lease contracts that the lessor holds all the risks and benefits of the property are called operational leases. Lease payments made for an operational lease are recorded as expense during the lease period.

The company and Ak İnşaat Mermercilik ve Gayrimenkul Yatırım Ticaret A.Ş. According to the lease agreement signed on 15.06.2011, TRY 630.000 TL per year (rent increase based on PPI average for each year) will be paid for the building used as head office. In addition, the Company has a lease agreement as a tenant to use as an office in Ankara in order to carry out its marketing activities. As of December 31, 2019, the lease expense of the Company is TRY 639.625. As distribution of this amount, TRY 173.845 was accounted for within the development expenses and TRY 465.779 was accounted for under operating expenses. As of December 31, 2018, the rental expense is TRY 595.475 and TRY 143.036 of this amount has been accounted for within the development expenses and TRY 397.258 has been accounted for within the operating expenses.

Operational Leasing (Company as Lessor): Rental income arising from operational leasing is recorded as income by normal method during the lease period. Direct costs incurred to earn income from an operational lease are recorded as expense in the income statement of the period in which they are made.

Revenue recognition

Link Bilgisayar Sistemleri Yazılımı ve Donanımı Sanayi ve Ticaret A.Ş., creates income by producing special and package programs that enable production, trade and accounting processes to be carried out in an integrated computer environment. Revenues are package program sales revenues, license renewal agreement sales revenues, special software development project revenues etc. Revenues are shown as the expected amount to be earned in return for these goods and services, reflecting the promised goods and / or services. For this purpose, a 5-step process is applied to record revenue within the framework of the provisions of IFRS 15.

- Identification of contracts with the customer
- Determination of separate performance criteria and obligations in the contract
- Determination of the contract price
- Distribution of Sales Price to Liabilities
- Record revenue as contractual obligations are met

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Revenue recognition (Cont.)

If there is a significant financing element in sales, the reasonable value is determined by reducing the future cash flows with the hidden interest rate included in the financing element. The difference is reflected in the financial statements on an accrual basis. Considering that the maturity of the sales is less than 1 year, the sales are reflected in the financial statements over the invoice amount, considering that there is no significant interest component in the sales.

Additional explanations for some important income classifications are given below.

Package Program Sales (License Sales)

In package program sales, customers pay a one-off licensing fee, and only buy the right to use the current version and version indefinitely. The Company has no obligations following the sales of package programs. These revenues are reflected in the income statement at the time of sale.

Package Program Sales (Non-Transfer License Model)

It is the sales model in which license rights are not transferred and customers are given the right to use the package program for a limited time. Sales revenues are accounted on an accrual basis. Where invoicing is made in advance, the portion corresponding to the next months is separated and accounted for as deferred income in the balance sheet.

Package Program Sales (Optionally, the Model That Company Has Right to Take Transfer License.)

In this model, the customer is granted the right to obtain the license with a lower amount than the current license fee if the usage period exceeds the pre-determined periods such as 3-5 years with annual renewals along with the transfer of the right of use for a certain period of time. This sales model has been used in previous years, and currently there is no sale in this model, and accumulation of licenses continues in the current period regarding the contracts issued in the previous year. Since the option of purchasing a low price, which is likely to be used in the coming years, will not create an additional resource outflow from the company as of the field of activity of the company, neither option is reflected in the financial statements nor possible license sales income accrual.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Revenue recognition (Cont.)

License Renewal Agreement Sales (LRA)

License Renewal Agreements (LRA) are generally accounted on the same principles as License sales, and sales under the LRA are included in the income statement at the time of sale. In the first sale of the same product main software, a free application is made with the license. The company management allocates the entire amount collected from the customer to the main software product in such sales transactions and it is accepted that this product is given free of charge. LRA is a sales model that protects against all legal changes in a year and at the same time provides all paid version changes with free features that add value to the products during the year. Installation, training etc. given to customers due to renewed versions. The services are usually provided by solution partner dealers, and the relevant revenues are generated by these solution partners. The management of the company foresees that this renewal right, which is given free of charge in the first year together with the sale of the product, and the free renewal right granted due to the sales under the License Renewal Agreement, will not cause any additional resource outflow from the Company except for the Research and Development activities that the Company has actually folded.

After Sales Support Income

Sales support services are mainly provided by dealers who are solution partners and these revenues are formed within these solution partners. Sales support services provided by the company are recorded on an accrual basis at the service hours.

Special Project Revenues

Special software development project revenues are included in the financial statements as income based on the level of completion of the contract activities as of the balance sheet date.

Credit Sales

Credits from integrator companies are sold to customers within the scope of e - applications such as e - invoice, e - archive, e - custody services, e - dispatch. The part sold at the time of sale is directly reflected to the income statement and the company does not have an ongoing liability regarding these sales. Amounts received from the integrator but not sold to customers are tracked in the stocks account group in the financial statements.

Interest Income

Interest income is accrued based on the effective interest method, which brings the remaining principal amount and the estimated cash inflows to be acquired over the expected life of the financial asset to the net book value of the asset. Interest income and foreign exchange gains on trade transactions are recognized as other income from operating activities.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liability is recognized on all temporary differences regarding subsidiaries unless neither utilization date of taxable temporary differences is reviewed nor utilization of temporary difference in an estimated period is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employment termination benefits

In accordance with existing social legislation, the Company is required to make lump sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the financial statement, the Company has reflected a liability calculated using "Projected Method" and based upon factors derived using the Company's experience of personnel terminating their services and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognized immediately in income.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Employment termination benefits (Cont.)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Foreign currency transactions

Income and expenses arising in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates, which are announced by Central Bank of the Republic of Turkey. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the related income and expense accounts, as appropriate.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Related parties

Parties are considered related to the Company if (Note 27);

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Company that gives it significant influence over the Company; or
 - (iii) has joint control over the Company
- (a) the party is an associate of the Company
- (b) the party is a joint venture in which the Company is a venture
- (c) the party is member of the key management personnel of the Company or its parent
- (e) the party is a close member of the family of any individual referred to in (a) or (d)
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party has a post-employment benefit plan for the benefit of employees of the Company, or of an entity that is a related party of the Company.

Investment, research and development incentives

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systemic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recorded as deferred income.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets.

Investment and research and development incentives are recognized when incentive applications of the Company are approved by fiscal authorities.

Events after the balance sheet date

Events after the balance sheet date; Includes all events between the balance sheet date and the date of authorization for the publication of the balance sheet, even if they have occurred after the announcement of any period profit or other selected financial information to the public. In the event of events requiring correction after the balance sheet date, the Company corrects the amounts included in the financial statements in accordance with this new situation.

Matters that do not require correction as of the balance sheet date are explained in the footnotes of the financial statements in case, they are the issues affecting the economic decisions of the users of the financial statements.

NOT 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

2.3) Summary of significant accounting policies (Cont.)

Cash flow statement

The Company prepares a cash flow statement as an integral part of other financial statements in order to inform the users of the financial statements about the changes in the net assets, the financial structure and the ability to direct the cash flows according to the conditions and timing. Cash flows for the period is classified as operating, investing and financing activities

The cash flows raised from operating activities indicate cash flows due to the Company's operations.

The cash flows due to investing activities indicate the Company cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

NOT 3 – BUSINESS COMBINATIONS

As of 31.12.2019, the company has taken over all assets and liabilities of Link Holding A.Ş. , in accordance with the merger report dated 18 November 2019 and the merger agreement dated November 18, 2019. Since the partners of Link Holding A.Ş are the same as the partners of Link Bilgisayar A.Ş., the "Decision to Accounting Business Combinations subject to 2018-1 Joint Control" published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). the merger transactions accounted in accordance resolution published by POA.

In this context, the Company has included the financial statements of Link Holding A.Ş since the beginning of having control on Link Holding A.Ş. For this reason, the 31 December 2018 financial statements presented comparatively are presented after being restated.

The shares owned by Link Holding A.Ş. in Link Bilgisayar A.Ş. have been transferred to other shareholders of Link Bilgisayar A.Ş., and the existing privileges before the merger are still held.

NOT 4 – SHARES IN OTHER COMPANIES

None. (December 31, 2018: None).

NOT 5 – SEGMENT REPORTING

The Company believes that the segments offered in management reporting have similar economic characteristics and that these segments demonstrate similar financial performance in the long run. In addition, the Company's related operating segments; it reports similar product and service qualifications, customer type and class, product distribution and service delivery and is also subject to similar legal regulations, as a single business segment.

NOT 6 – RELATED PARTY DISCLOSURES

a) Benefits Provided to Senior Executives

The benefits provided to senior executives are as follows:

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
Fees and other short-term benefits	2.627.660	2.103.727
	2.627.660	2.103.727

(*) Benefits provided to senior executives arise from salary payments.

NOT 7 – TRADE RECEIVABLES AND PAYABLES

a) Short Term Trade Receivables

The details of short-term trade receivables as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Trade receivables	5.448.290	3.213.319
Notes receivables	505.304	713.886
Rediscount of receivables (-)	(104.401)	(145.611)
Credit card receivables (*)	1.320.522	1.099.246
Doubtful trade receivables (-)	83.125	95.087
Provisions for doubtful receivables (-)	(83.125)	(95.087)
	7.169.715	4.880.840

(*) 1.320.522 TL (31 December 2018: 1.099.246 TL) consists of the receivables from the sales made by credit card.

Average maturity of trade receivables is 23 days. (31.12.2018: 22 days)

Provision for doubtful trade receivables are as follows:

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
Opening balance	(95.087)	(104.231)
Expense for the current period	15.462	(6.684)
Cancellation of provision	(3.500)	15.828
Ending balance	(83.125)	(95.087)

NOT 7 – TRADE RECEIVABLES AND PAYABLES (Cont.)

a) Short Term Trade Payables

The details of short-term trade payables as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Suppliers	518.955	175.154
Rediscount on suppliers (-)	(7.694)	(1.898)
	511.261	173.256

Average maturity of trade receivables is 56 days. (31.12.2018: 25 days)

NOT 8 – RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None. (December 31, 2018: None).

NOT 9 – OTHER RECEIVABLES AND PAYABLES

a) Other Short-Term Receivables

The details of other short-term receivables as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Receivables from personnel	15.000	50.000
Receivables from tax-office	18.420	1.699
Deposits and guarantees given	3.847	3.822
	37.267	55.521

b) Other Long-Term Receivables

The details of other long-term receivables as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Deposits and guarantees given	344	843
	344	843

NOT 9 – OTHER RECEIVABLES AND PAYABLES (Cont.)

c) Other Short-Term Payables

The details of other short-term payables as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Taxes and funds payable	849.569	683.384
Other payables	46	2.026
	849.615	685.410

NOT 10 – INVENTORIES

The details of inventories as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Commercial goods	17.169	9.563
	17.169	9.563

NOT 11 – BIOLOGICAL ASSETS

None. (December 31, 2018: None).

NOT 12 – PREPAID EXPENSES AND DEFERRED INCOME

a) Short-Term Prepaid Expenses

The details of short-term prepaid expenses as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Advances given	11.229	10.000
Prepaid expenses for future months	35.502	32.330
Job advances	5.217	9.764
Advances to personnel	--	750
	51.948	52.844

NOT 12 – PREPAID EXPENSES AND DEFERRED INCOME (Cont.)

b) Long-Term Prepaid Expenses

The details of long-term prepaid expenses as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Expenses for the following years	3.197	561
	3.197	561

c) Short-Term Deferred Income

The details of short-term deferred income as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Income for following months	99.793	--
Advances taken	66.008	124.834
	165.801	124.834

NOT 13 – INVESTMENT PROPERTIES

The cost value of a 6.543,68 m2 field property in the Dursunköy District 126 Island 19 parcel in Arnavutköy district of Istanbul province is TRY 64.810. The real estate in question is included in the financial statements with its fair value. Movement table of investment properties is as follows.

Real Estate Type	01.01.2018	Addition	Disposal	Fair Value Difference	31.12.2018	01.01.2019	Addition	Disposal	Fair Value Difference	31.12.2019
Lands	2.225.000	--	--	275.000	2.500.000	--	--	--	250.000	2.750.000
Total	2.225.000	--	--	275.000	2.500.000	--	--	--	250.000	2.750.000

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO AUDITED FINANCIAL STATEMENTS, FOR THE PERIOD ENDED DECEMBER 31,2019**

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

NOT 13 – INVESTMENT PROPERTIES (Cont.)

As of 31 December 2019, the fair value of the Company's investment properties was determined by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş is authorized by CMB and provided real estate valuation services in accordance with the capital market legislation. The Company has enough qualification and experience about measuring the fair value of real estates. The fair value of owned lands is determined according to market comparison approach / other methods which reflect current transactions cost of other.

The fair value of investment properties of the Company, without making any adjustments on observable market, market comparable method which is based on the current market cost was used. (31 December 2018: The fair value of the investment properties of the Company is determined by Emek Real Estate Appraisal and Consultancy Inc., an independent valuation company. Emek Real Estate Appraisal and Consultancy Inc. It is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualification in the measurement of fair value of real estates in the relevant regions. The fair value of the lands owned is determined by market comparative approach / other methods reflecting the current transaction prices for similar properties. The fair value of the investment properties of the Company is determined by using the comparable market method based on the latest market prices without any significant adjustment on observable market data.

The company does not earn rental income from its investment property.

NOT 14 – TANGIBLE ASSETS

The details of tangible assets movement as of 31.12.2019 and 31.12.2018 are as follows.

Cost	01.01.2018	Additions	Disposals	31.12.2018	Additions	Disposals	Transfers	31.12.2019
Vehicles	538.389	--	--	538.389	--	(121.996)	--	416.393
Furniture and fixture	622.877	9.172	(224.733)	407.316	86.185	(74.809)	--	418.692
Special cost	133.011	--	--	133.012	--	--	--	133.013
Total	1.294.277			1.078.717	86.185	(196.805)	--	968.098
Accumulated Depreciation (-)								
Vehicles	(513.035)	(2.648)	--	(515.683)	(11.352)	121.996	--	(405.039)
Furniture and fixture	(531.819)	(41.823)	220.152	(353.490)	(36.133)	74.809	--	(314.814)
Special cost	(133.012)	--	--	(133.012)	--	--	--	(133.012)
Total	(1.177.866)			(1.002.185)	(47.485)	196.805	--	(852.865)
Net book value	116.411			76.532				115.233

NOT 15 – RIGHTS IN SHARE FROM THE SERVICE, RESTORATION AND ENVIRONMENT REHABILITATION FUNDS

None. (December 31, 2018: None).

NOT 16 – SHARES OF MEMBERS IN COOPERATIVE BUSINESSES AND SIMILAR FINANCIAL INSTRUMENTS

None. (December 31, 2018: None).

NOT 17 – INTANGIBLE ASSETS

The details of intangible assets movement as of 31.12.2019 and 31.12.2018 are as follows.

Cost	01.01.2018	Additions	Disposals	Transfers	31.12.2018	Additions	Disposals	Transfers	31.12.2019
Rights	85	--	--	--	85	--	--	--	85
Development Costs	10.488.893	2.681.210	--	--	13.170.103	2.948.185	--	--	16.118.288
Other	84.466	11.027	--	--	95.493	--	--	--	95.493
Total	10.573.444	2.692.237	--	--	13.265.681	2.948.185	--	--	16.213.866
Accumulated Depreciation (-)									
Rights	(67)	(2)	--	--	(69)	(16)	--	--	(85)
Development Costs	(6.298.446)	(1.499.422)	--	--	(7.797.868)	(1.862.281)	--	--	(9.660.149)
Other	(82.363)	(5.167)	--	--	(87.530)	(4.108)	--	--	(91.638)
Total	(6.380.876)	(1.504.591)	--	--	(7.885.467)	(1.866.405)	--	--	(9.751.872)
Net book value	4.192.568				5.380.214				6.461.994

NOT 18 – GOODWILL

None. (December 31, 2018: None).

NOT 19 – INVESTIGATION AND EVALUATION OF MINERAL RESOURCES

None. (December 31, 2018: None).

NOT 20 – RENT OPERATIONS

As of 31 December 2019, and 2018, the total of the minimum lease expense is as follows :

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
Less than 1 year	639.625	595.475
End of Term	639.625	595.475

The Company leases sales offices (Ankara) and head office (İstanbul). The related lease is generally valid for 1 year. The lease agreement of the Head Office can be terminated if the parties declare that they will not extend the contract 3 months before the end of the contract via a notary. Lease payments are subject to fixed instalments and in case of prolongation of contract, increase in CPI 2 ratio published by TSI.

NOT 21 – PRIVILEGE SERVICE ARRANGEMENTS

None. (December 31, 2018: None).

NOT 22 – IMPAIRMENT ON ASSETS

The movements of the provisions for doubtful trade receivables within the accounting periods ending on 31.12.2019 and 31.12.2018 are as follows:

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
Opening balance	(95.087)	(104.231)
Expenses for the period	15.462	(6.684)
Cancellation of provision	(3.500)	15.828
Ending balance	(83.125)	(95.087)

NOT 23 – GOVERNMENT INCENTIVES

The company shall provide monthly premium and service documents in accordance with Law No. 5510 within the legal period, due to the fact that SSI does not have any premium, administrative fine, delay penalty and no delayed payment, 5 percent of the employer's share is covered by the Treasury.

The Ministry of Science, Industry and Technology has issued an R&D Center Certificate to the Company, effective from 16.11.2016. In this context, the Company can benefit from the supports provided by Law No. 5746 on Supporting Research, Development and Design Activities. Due to the support provided by Law No. 5746, the rights of the Company are as follows.

- At least 100% of Research and Development expenses are deducted from the corporate tax base ("R&D Discount")
- The Treasury will cover 80-95% of the income tax calculated on the wages of R&D personnel and 10% support personnel,
- The wages of R&D personnel and support personnel up to 10% are exempted from Stamp Tax,
- The Treasury compensates 50% of the Social Security Institution Employer's Share for the wages of R&D personnel and 10% support personnel.

NOT 24 – BORROWING COSTS

For the period ended at 31 December 2019, there is no borrowing cost added to the cost of assets directly related to the assets. (31 December 2018 - None) Borrowing costs are included in the statement of profit or loss.

NOT 25 – CONTINGENT ASSETS AND LIABILITIES

There is no lawsuit filed against the company. (31.12.2018: There is one trademark cancellation lawsuit filed against the company and it is free of charge due to the nature of the case.) 1 execution proceeding filed by the company and its amount is 27.441 TL. (31.12.2018: TRY 27.441).

The details of long-term provisions as of 31.12.2019 and 31.12.2018 are as follows.

	31.12.2019	31.12.2018
Severance payment	2.286.208	1.922.355
	2.286.208	1.922.355

NOT 25 – CONTINGENT ASSETS AND LIABILITIES (Cont.)

The company's severance payment reserve has been calculated as explained in Note 2. On 31.12.2019, the provision is calculated over a 30-day fee, with a maximum of TRY 6.379 for each year of service and using the rates at the retirement or departure date. (31.12.2018: TRY 6.017)

The Company has reflected the retirement pay liability calculated on the financial statements for the periods ending on 31.12.2019 and 31.12.2018, calculated on the basis of the foregoing principles, by reducing the expected inflation rate and the real rediscount rate to the balance sheet day.

The rates of the basic assumptions used on the statement of financial position are as follows:

	31.12.2019	31.12.2018
Interest rate	10,00%	18,00%
Inflation rate	8,00%	14,00%
Discount rate	1,85%	3,51%

The movement of Severance payment is as follow.

	31.12.2019	31.12.2018
Opening balance	1.922.355	944.950
Service costs	753.662	130.770
Interest cost	32.671	102.263
Payment in the period	(320.752)	(9.580)
Actuarial difference	(101.728)	753.952
Ending balance	2.286.208	1.922.355

NOT 26 – COMMITMENTS AND CONTINGENCIES

Guarantee-Pleadings

As of balance sheet date guarantee received are as follows:

	31.12.2019		31.12.2018	
Guarantee Type	Original Amount	TRY	Original Amount	TRY
Guarantee Check TRY	360.000	360.000	360.000	360.000
Guarantee Notes TRY	1.575.000	1.575.000	1.585.000	1.585.000
Guarantee Check USD	39.000	231.668	39.000	177.867
Guarantee Notes USD	385.012	2.287.048	385.012	1.755.925
Total		4.453.716		3.878.792

NOT 27 – PAYABLES FOR EMPLOYEE BENEFITS

The details of payables for employee benefits as of 31.12.2019 and 31.12.2018 are as follows.

	31.12.2019	31.12.2018
Social security premiums payable	--	114.922
Due to personnel	957.143	364.678
	957.143	479.600

NOT 28 – EXPENSES ACCORDING TO QUALIFICATIONS

(a) General and administrative expenses

The details of general and administrative expenses are as follows:

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Personnel costs	(1.680.111)	(1.077.087)
Building costs	(701.151)	(223.763)
Lease expenses	(482.359)	(450.581)
Consultancy costs	(376.759)	(307.255)
Taxes, duties, fees and subscriptions	(123.360)	(87.830)
Depreciation expenses and amortization	(47.605)	(49.640)
Other	(268.484)	(347.419)
	(3.679.830)	(2.543.575)

(b) Marketing Expenses

The details of marketing expenses are as follows.

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Personnel costs	(2.597.500)	(2.257.787)
Lease expenses	(22.125)	(20.250)
Other	(35.602)	(27.444)
	(2.655.227)	(2.305.481)

NOT 28 – EXPENSES ACCORDING TO QUALIFICATIONS (Cont.)

(c) Research and Development Expenses

The details of research and development expenses are as follows

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Depreciation expenses and amortization	(1.866.389)	(1.499.422)
Personnel costs	(74.093)	(52.196)
	(1.940.482)	(1.551.618)

NOT 29 – OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities as of 31.12.2019 and 31.12.2018 are as follows.

	31.12.2019	31.12.2018
Deferred V.A.T.	30.019	8.110
	30.019	8.110

NOT 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in Capital

The capital of the company is TRY 5.500.000. The capital of the company is divided into 550,000,000 bearer shares each with a nominal value of TRY 0.01. (31 December 2018: 550.000.000 pieces each with a nominal value of TRY 0.01)

The names, surnames and capital shares of the shareholders of the company are described below.

		31.12.2019		31.12.2018
Shareholders	Share (%)	TRY	Share (%)	TRY
Link Holding A.Ş. (*)	--	--	37,43%	2.058.541
Murat Kasaroğlu	46,22%	2.542.174	20,40%	1.121.781
Hayguyi Antikacıoğlu	19,41%	1.067.691	8,18%	450.129
Public	31,00%	1.704.737	30,80%	1.694.237
Other	3,37%	185.398	3,19%	175.312
Total	100%	5.500.000	100%	5.500.000
Capital adjustment difference		4.178.483		4.178.483
Total		9.678.483		9.678.483

NOT 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont.)

a) Paid in Capital (Cont.)

(*)All assets and liabilities of Link Holding A.Ş. have been taken over by Link Bilgisayar A.Ş. within the scope of the merger. The merger decision was registered on December 31, 2019.

The shares owned by Link Holding A.Ş. in Link Bilgisayar A.Ş. were transferred to other shareholders of Link Bilgisayar A.Ş.

b) Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss

As of December 31, 2019, and December 31, 2018 details of other accumulated comprehensive income that will not be reclassified in profit or loss are as follows:

	31.12.2019	31.12.2018
Tangible assets revaluation increase / decrease (*)	1.728.151	1.728.151
Gains / (losses) on re-measurements of defined benefit plans (**)	(1.060.077)	(980.729)
	668.074	747.422

(*) The Company has made to prepare a valuation report to "Emek Taşınmaz Değerleme ve Danışmanlık A.Ş." which is licensed by the Capital Markets Board in order to determine the fair value of the land, buildings and machinery and equipment registered in its assets. The difference between the market value and the net book TRY 2.160.190 is accounted in tangibles in assets; in liabilities, is added to "Revaluation of tangibles gains/losses (After deferred tax assets amounting to TRY 432.038 which is accounted under equity, the Revaluation of Tangible is amount to TRY 1.728.151).

(**) With the amendment in IAS 19 "Employee Benefits" standard, actuarial loss that is taken into account in calculating the provision for severance pay does not allow the recognition of earnings in the income statement. Losses and gains resulting from the change of actuarial assumptions are accounted for under equity. Actuarial loss / gain fund is not to be reclassified in profit or loss.

c) Restricted Reserves

The details of restricted reserves as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Restricted reserves	892.011	546.021
	892.011	546.021

NOT 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont.)

d) Retained Earnings

The details of retained earnings as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Retained earnings	16.023.679	9.698.091
	16.023.679	9.698.091

NOT 31 – SALES

As of balance sheet date cost of sales and revenue are as follows:

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Domestic sales	16.236.484	12.039.068
Export sales	140.039	32.933
Sales returns (-)	(101.770)	(200.706)
Sales discounts (-)	(602.313)	(343.578)
Net Sales	15.672.440	11.527.717
Cost of trade goods sold (-)	(866.341)	(684.750)
Cost of services sold (-)	(1.499.837)	(1.188.475)
Gross Profit / (Loss)	13.306.262	9.654.492

NOT 32 – CONSTRUCTION CONTRACTS

None. (December 31, 2018: None).

NOT 33 – GENERAL ADMINISTRATIVE, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

The details of general administrative, marketing expenses and research and development expenses are as follow:

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
General and administrative expenses (-)	(3.679.830)	(2.543.575)
Marketing expenses (-)	(2.655.227)	(2.305.481)
Research and development expenses (-)	(1.940.482)	(1.551.618)
	(8.275.539)	(6.400.674)

NOT 34 – OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITIES

The details of other income from the main activities of the Company are as follows.

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Rediscount income	153.305	101.222
Commission income	61.662	91.693
Other revenues	33.541	26.184
	248.508	219.099

The details of other expenses from the main activities of the Company are as follows.

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Rediscount expenses	(106.299)	(146.607)
Provision for doubtful receivables	(15.811)	--
Foreign currency losses	(440)	(3.290)
Commission expenses	--	(3.940)
Other	(22.568)	--
	(145.118)	(153.837)

NOT 35 - INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

Details of income from investment activities are as follows:

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Security sales profits (*)	638.285	--
Investment property value increases	250.000	275.000
Fixed asset sales profits	80.978	29.346
Total	969.263	304.346

(*) It consists of income from liquid funds.

NOT 35 - INCOME / (EXPENSES) FROM INVESTING ACTIVITIES (Cont.)

The details of expenses from investment activities are as follows:

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Consultancy expenses (*)	(391.175)	--
Security sales losses	--	(4.586)
Total	(391.175)	(4.586)

(*) It is the consultancy service expenses received for the merger transactions

NOT 36 – FINANCIAL INCOME / (EXPENSES)

The details of the company's financing income are as follows:

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Foreign exchange income	3.323.826	6.070.996
Interest income	781.705	1.141.172
	4.105.531	7.212.168

The details of the company's financing expenses are as follows:

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Foreign exchange income	(1.336.886)	(2.060.788)
Interest income	(83.249)	(102.263)
Other	(32.673)	(35.473)
	(1.452.808)	(2.198.524)

NOT 37 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ELEMENTS

The details of the company's other comprehensive income / (expenses) are as follows

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Defined benefit plans re-measurement gains / losses	(101.728)	(753.952)
Deferred tax expense / income	22.380	165.869
Income that not to be Reclassified in Profit or Loss - Total	(79.348)	(588.083)

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO AUDITED FINANCIAL STATEMENTS, FOR THE PERIOD ENDED DECEMBER 31,2019**

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

NOT 38 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**Deferred Tax**

The Company recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between tax-based legal financial statements and financial statements prepared in accordance with IAS. These differences are generally caused by the fact that some income and expense items take place in different periods in the tax-based financial statements and financial statements prepared in accordance with IAS. These differences are stated below.

Deferred tax is calculated by %20. (2018: %22).

	31.12.2019		31.12.2018	
	Total Temporary Differences	Deferred Tax Assets/liabilities	Total Temporary Differences	Deferred tax Assets/liabilities
Deferred Tax Assets				
Provision for severance pay	2.286.208	457.242	1.922.355	422.918
Rediscount on trade receivables	104.401	20.880	130.193	28.642
Deferred income	--	--	108.669	23.907
Doubtful receivable provision	24.273	4.855	24.273	5.340
Deferred Tax Assets	2.414.882	482.976	2.185.490	480.807
Deferred Tax Liabilities				
Tangible and intangible assets	(1.199.151)	(239.830)	(950.825)	(209.182)
net difference between registered values and tax base	(2.685.190)	(268.519)	(2.435.190)	(535.743)
Investment properties				
Rediscount on trade payables	(7.694)	(1.539)	(1.898)	(419)
Deferred Tax Liabilities	(3.892.035)	(509.888)	(3.387.913)	(745.344)
Deferred tax assets/(Liabilities), Net		(26.912)		(264.533)

NOT 38 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont.)**Corporate Tax**

The Company is subject to corporation tax applicable in Turkey. Necessary provisions are reserved in the attached financial statements for the estimated tax liabilities of the Company for the current period activity results.

The tax base that remains after deducting the corporate tax rate to be accrued over the taxable corporate income, the addition of the expenses that cannot be deducted from the tax base that is written as expense in the determination of the commercial income, tax exemptions, non-taxable income and other discounts (previous year losses and investment discounts used if preferred) calculated on.

The effective tax rate applied in 2019 is 22%. (31.12.2018: 22%)

Provisional tax in Turkey is calculated as three-month period and are accrued. The advance tax rate that needs to be calculated over the corporate earnings at the taxation stage of 2018 corporate earnings as of temporary tax periods is 22%. (31.12.2018: 20%)

There is no procedure for a final and definitive agreement on tax assessments in Turkey. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year (between 1-25 of the fourth month following the period closing in those with a special accounting period). These statements and the accounting records that are based on this can be examined and changed by the Tax Office within 5 years.

Details of the company's current tax assets as of 31.12.2019 and 31.12.2018 are as follows:

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Current period corporate tax	(1.133.820)	(1.278.325)
Deferred tax income / (expense)	215.239	(32.581)
Total	(918.581)	(1.310.906)

The company's tax expenses are as follows:

	31.12.2019	31.12.2018
Corporate tax provision	1.133.820	1.278.325
Prepaid corporate tax (-)	(217.358)	(1.114.491)
Corporate tax that (to be paid)/to be returned	916.462	163.834

There are exceptions for corporations in the Corporate Tax Law. These exceptions related to the Company are explained below:

Deductible Financial Losses

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate income, provided that they do not exceed 5 years. However financial losses cannot be offsetted from last year's profits.

NOT 38 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont.)**Corporate Tax (Cont.)***Real Estate and Participation Stock Sales Gain Exemption*

50% of the corporations' earnings arising from the sale of participation shares, real estates, pre-emptive rights, founder bonds and usufruct securities in their assets for at least two full years are exempt from corporate tax. In order to benefit from the exemption, the said income should be kept in a passive fund account and should not be withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale was made. The earnings obtained by the institutions dealing with the trade and leasing of securities and real estate from the sale of the values they hold for this purpose are excluded from the scope of the exception.

Income Tax Withholding

In addition to corporate taxes, in case of allocating get a profit share and incorporate this dividend at the company's income statement that the full liability corporations and foreign companies through dividends except for those distributed to branches in Turkey also income tax withholding should be calculated. As of 23 July 2006, the income tax withholding rate was changed to 15%. Dividends that are not distributed and added to the capital are not subject to income tax withholding. Based on the investment incentive certificates obtained before April 24, 2003, 19.8% tax withholding is required over the investment allowance amount. 25% of the incentive certificate investment expenditures made directly after the companies' production activity can be deducted from taxable income. No tax withholding is made from investment expenditures without incentive certificate.

NOT 39 – EARNINGS PER SHARE

According to the main contract of the company, although each unit share hits the nominal value of TRY 0.01, the earnings per share is expressed in terms of the value that corresponds to the nominal value of TRY 1 in Borsa Istanbul, and the earnings per share is TRY 1. According to the weighted average number, it is calculated as follows.

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Net profit / (loss) for the period	7.446.343	7.321.578
Total number of shares	5.500.000	5.500.000
Simple and divided earnings / (loss) per share (TRY)	1,35	1,33

NOTE 40 – SHARE-BASED PAYMENTS

None. (December 31, 2018: None).

NOTE 41 – INSURANCE CONTRACTS

None. (December 31, 2018: None).

NOTE 42 – THE EFFECTS OF CHANGES IN FOREIGNEXCHANGE RATES

The foreign exchange risk of the company as of 31 December 2019 is shown in the table in Note: 47, as of the accounting period ending on 31 December 2019, foreign exchange income and foreign exchange difference expense are included in other income / expenses and financial income / expenses in the financial statements.

NOTE 43 – HYPERINFLATIONARY ECONOMY REPORTING

None. (December 31, 2018: None).

NOTE 44 – DERIVATIVE FINANCIAL INSTRUMENTS

None. (December 31, 2018: None).

NOTE 45 - FIXED ASSETS HELD FOR SALE

None. (December 31, 2018: None).

NOTE 46 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**a) Financial Instruments Interest Rate Risk**

Fluctuations in the values of financial instruments can occur with the changes in the market prices. These fluctuations may be due to the price change in securities or factors that are specific to the party that issued this security or that affect the entire market. The Company's interest rate risk mainly depends on bank loans.

Although the interest rate of interest-bearing financial debts varies, interest bearing financial assets have a fixed interest rate and the cash flow in the coming years does not change with the size of these assets. The risk gap against the changes in the market interest rates of the Company depends primarily on the Company's variable interest rate debt obligations. The Company's policy in this regard is to manage the interest cost by using fixed and variable interest loans.

	Book value	Book value
	31.12.2019	31.12.2018
Fixed interest instruments		
Financial assets	19.548.231	16.850.227
Total	19.548.231	16.850.227
Variable interest instruments		
Financial assets	4.199.557	1.219.606
Total	4.199.557	1.219.606

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(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

NOTE 46 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

b) Financial Instruments Credit Risk

	Assets					
	Trade Receivables		Other Receivables		Bank	
Current Period	Related Parties	Other	Related Parties	Other	Receivables	
Maximum credit risk exposed as of the reporting date	--	7.169.715	--	37.611	23.783.222	
- The portion of the maximum risk secured by collateral	--	4.453.716	--	--	--	
A- not overdue or impaired net book value of financial assets	--	7.169.715	--	37.611	23.783.222	
B- Book value of financial assets whose conditions have been renegotiated, which would otherwise be deemed to be overdue or impaired	--	--	--	--	--	
C- Overdue but not impaired net book value of assets	--	--	--	--	--	
D- Net book values of impaired assets						
-overdue	--	83.125	--	--	--	
- impairment	--	(83.125)	--	--	--	
E- Items that include off-balance credit risk	--	--	--	--	--	

LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

NOTE 46 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

b) Financial Instruments Credit Risk (Cont.)

Prior Period	Assets				
	Trade Receivables		Other Receivables		Bank Receivables
	Related Parties	Other	Related Parties	Other	Deposits and funds
Maximum credit risk exposed as of the reporting date	--	4.880.840	--	56.364	18.840.075
- The portion of the maximum risk secured by collateral	--	3.878.792	--	--	--
A- not overdue or impaired net book value of financial assets	--	4.880.840	--	56.364	18.840.075
B- Book value of financial assets whose conditions have been renegotiated, which would otherwise be deemed to be overdue or impaired	--	--	--	--	--
C- Overdue but not impaired net book value of assets	--	--	--	--	--
D- book values of impaired assets					
-Overdue	--	95.087	--	--	--
- Impairment	--	(95.087)	--	--	--
E- Items that include off-balance credit risk	--	--	--	--	--

NOTE 46 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

c) Financial Risk Factors

Foreign currency transactions cause currency risk. The distribution of the Company's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date is as follows:

	31.12.2019			31.12.2018		
	TRY Currency	USD	Euro	TRY Currency	USD	Euro
1. Trade Receivables	--	--	--	--	--	--
2a. Monetary Financial Assets (including cash, banks)	19.548.231	3.034.951	228.553	14.750.475	2.555.892	216.354
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
4. Current Assets(1+2+3)	19.548.231	3.034.951	228.553	14.750.475	2.555.892	216.354
5. Trade Receivables	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--
7. Other	--	--	--	--	--	--
8. Non-Current Assets(5+6+7)	--	--	--	--	--	--
9. Total Assets(4+8)	19.548.231	3.034.951	228.553	14.750.475	2.555.892	216.354
10. Trade Payables	--	--	--	8.286	1.575	--
11. Financial Liabilities	--	--	--	--	--	--
12a. Other monetary financial liabilities	--	--	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--	--
13. Current Liabilities(10+11+12)	--	--	--	8.286	1.575	--
14. Trade Payables	--	--	--	--	--	--
15. Financial Liabilities	--	--	--	--	--	--
16 a. Other monetary financial liabilities	--	--	--	--	--	--
16 b. Other non-monetary financial liabilities	--	--	--	--	--	--
17. Non-Current Liabilities(14+15+16)	--	--	--	--	--	--
18. Total Liabilities(13+17)	--	--	--	8.286	1.575	--
19. Net asset / liability position of off-balance sheet derivative instruments	--	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--	--
20. Net foreign currency position asset / liabilities(9-18+19)	19.548.231	3.034.951	228.553	14.742.189	2.554.317	216.354
21. Net foreign currency asset/liability position of monetary items	19.548.231	3.034.951	228.553	14.742.189	2.554.317	216.354

NOTE 46 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

c) Currency Risk Management (Cont.)

	Profit/Loss		Equity	
	Foreign Currency Appreciation	Foreign Currency Depreciation	Foreign Currency Appreciation	Foreign Currency Depreciation
31.12.2019				
If the USD rate changes by 20%:				
1- USD net asset / liability	3.605.643	(3.605.643)	3.605.643	(3.605.643)
2- Amount hedged for USD risk (-)	--	--	--	--
3- US Dollar Net Effect (1 + 2)	3.605.643	(3.605.643)	3.605.643	(3.605.643)
If the Euro exchange rate changes by 20%:				
4- Euro net asset / liability	304.003	(304.003)	304.003	(304.003)
5- Amount hedged for Euro risk (-)	--	--	--	--
6- Euro Net Effect (4+5)	304.003	(304.003)	304.003	(304.003)
Total (3+6+9)	3.909.646	(3.909.646)	3.909.646	(3.909.646)
31.12.2018				
If the USD rate changes by 20%:				
1- USD net asset / liability	2.687.601	(2.687.601)	2.687.601	(2.687.601)
2- Amount hedged for USD risk (-)	--	--	--	--
3- US Dollar Net Effect (1 + 2)	2.687.601	(2.687.601)	2.687.601	(2.687.601)
If the Euro exchange rate changes by 20%:				
4- Euro net asset / liability	260.836	(260.836)	260.836	(260.836)
5- Amount hedged for Euro risk (-)	--	--	--	--
6- Euro Net Effect (4+5)	260.836	(260.836)	260.836	(260.836)
Total (3+6+9)	2.948.438	(2.948.438)	2.948.438	(2.948.438)

According to the foreign currency position as of 31.12.2019, if the Turkish Lira appreciated / lost 20% against the US Dollar and the Euro, and if all other variables remained constant, in the fiscal period ending on the same date, it consists of assets and liabilities in foreign currency. net loss as a result of exchange rate profit / loss would be higher / lower than US Dollars 3.605.643 and EUR 304.003 for Euro. (December 31, 2018: TRY 2.687.601 for US Dollars and TRY 260.836 for Euro).

NOTE 46 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)**d) Financial Instruments Liquidity Risk**

The tables showing the liquidity risk of the company is as follows:

Current Period	Book Value	Cash Outflow Per Agreement	Shorter Than 3 Months(I)	3-12 Months (II)	1-5 Months (III)	4-5 Years	5+ Years
Non-derivative financial liabilities	1.360.876	1.360.876	1.360.876	--	--	--	--
Trade payables	511.261	511.261	511.261	--	--	--	--
Other debts	849.615	849.615	849.615	--	--	--	--
Derivative financial liabilities:	--	--	--	--	--	--	--
Total	1.360.876	1.360.876	1.360.876	--	--	--	--

The tables showing the liquidity risk of the Company as of 01.01.2018-31.12.2018 are as follows:

Prior Current	Book Value	Cash Outflow Per Agreement	Shorter Than 3 Months(I)	3-12 Months (II)	1-5 Months (III)	4-5 Years	5+ Years
Non-derivative financial liabilities:	858.666	858.666	858.666	--	--	--	--
Trade payables	173.256	173.256	173.256	--	--	--	--
Other debts	685.410	685.410	685.410	--	--	--	--
Derivative financial liabilities:	--	--	--	--	--	--	--
Total	858.666	858.666	858.666	--	--	--	--

NOTE 47 – FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS IN THE FRAMEWORK OF FINANCIAL RISK PROTECTION)

It refers to the price of a financial instrument subject to trading between the willing parties in a current transaction, except for reasonable value, compulsory sales or liquidation. Quoted market price, if any, is the value that best reflects the reasonable value of a financial instrument. The Company's financial instruments at fair value on the financial markets in Turkey and to the extent that reliable information is available, was estimated. The estimations presented here may not reflect the amounts that the Company can obtain in a market transaction. The following methods and assumptions are used in estimating the reasonable values of the Company's financial instruments

Forecasting fair values of financial instruments that are practically possible to estimate fair values, the following methods and assumptions are used:

NOT 47 – FİNANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS IN THE FRAMEWORK OF FINANCIAL RISK PROTECTION) (Cont.)**Financial Assets**

Monetary assets whose fair value approaches the book value:

- Foreign currency balances are converted at the end of period exchange rate.
- It is assumed that the fair values of some financial assets (cash-bank) shown in the financial statement in terms of their cost value are approximate to those of the financial statement.
- The fair value of the trade receivables is estimated to be close to the value they carry after the provisions are reserved.

Financial Liabilities

Monetary liabilities, the fair value of which approximates the carrying amount:

- Fair values of short-term loans and other monetary liabilities are assumed to be approximate due to their short-term nature.
- It is assumed that the reasonable value of the long-term debts, which are in foreign currency and are converted at the end of the exchange rates, is equal to the carrying amount.
- Trade values carried in the statement of financial position of the trade payables and accrued expenses representing the estimated amounts to be paid to third parties are assumed to be approximately to the market values.

Fair value measurements hierarchy table

The Company classifies the fair value measurements of financial instruments reflected at fair value in the financial statements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows

First level: Financial assets and liabilities are valued at the stock market prices traded in the active market for the same assets and liabilities.

Second level: Financial assets and liabilities are valued from the inputs used to find the price of the relevant asset or liability directly or indirectly in the market other than the stock exchange price specified in the first level.

Third level: Financial assets and liabilities are valued from inputs that are not based on any observable data in the market used in finding the fair value of the asset or liability.

31.12.2019	Level 1	Level 2	Level 3
Investment properties	--	--	2.750.000
Total	--	--	2.750.000

31.12.2018	Level 1	Level 2	Level 3
Investment properties	--	--	2.500.000
Total	--	--	2.500.000

NOT 48 – SUBSEQUENT EVENTS

None. (31.12.2018: None.)

NOT 49 – OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR PREVENT THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

As of 31.12.2019, the company has taken over all assets and liabilities of Link Holding A.Ş. , in accordance with the merger report dated 18 November 2019 and the merger agreement dated November 18, 2019. Since the partners of Link Holding A.Ş are the same as the partners of Link Bilgisayar A.Ş., the “Decision to Accounting Business Combinations subject to 2018-1 Joint Control” published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). the merger transactions accounted in accordance resolution published by POA.

In this context, the Company has included the financial statements of Link Holding A.Ş since the beginning of having control on Link Holding A.Ş. For this reason, the 31 December 2018 financial statements presented comparatively are presented after being restated.

The shares owned by Link Holding A.Ş. in Link Bilgisayar A.Ş. have been transferred to other shareholders of Link Bilgisayar A.Ş., and the existing privileges before the merger are still continue.

(31.12.2018: None.)

NOTE 50 – FIRST TRANSITION TO IAS

None. (31.12.2018: None).

NOTE 51 – EXPLANATIONS ON CASH FLOW STATEMENT

The details of cash and cash equivalents as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Cash	1.884	314
Banks	19.583.665	17.620.469
- <i>Time deposits</i>	19.548.231	16.850.227
- <i>Demand deposits</i>	35.434	770.242
Type B liquid fund (*)	4.199.557	1.219.606
	23.785.106	18.840.389

The details of cash equivalents in the cash flow statement as of 31.12.2019 and 31.12.2018 are as follows:

	31.12.2019	31.12.2018
Cash and cash equivalents	23.785.106	18.840.389
Interest income accrual (-)	(24.628)	(58.918)
Total	23.760.478	18.781.471

(**) B type liquid fund amount is TRY 4.199.557 and it is shown in the balance sheet with its current market value.
(31.12.2018: TRY 1.219.606)

The details of time deposits are as follows:

	31.12.2019			31.12.2018		
Currency	Amount	Currency Amount	Effective rate of Interest	Amount	Currency Amount	Effective rate of interest
TRY	--	--	--	2.072.330	2.072.330	26,16%
EURO	1.520.015	228.553	0,28%	1.331.604	216.354	1,81%
USD	18.028.217	3.034.951	1,76%	13.446.293	2.555.892	4,70%
Total	19.548.231			16.850.227		

NOTE 54 – DISCLOSURES OF CHANGES IN EQUITY

The effects of changes in the accounting policies explained in Note 2 and the accumulated profit / loss account and the effects of other accumulated comprehensive income / expenses that will not be reclassified as profit or loss in other comprehensive income are shown in the statement of changes in equity.