İNTELTEK İNTERNET TEKNOLOJİ YATIRIM VE DANIŞMANLIK TİCARET A.Ş.

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş.

1. Our opinion

In our opinion, Inteltek Internet Teknoloji Yatirim ve Danismanlik Ticaret A.Ş.'s (the "Company") separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2017 and 2016, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

2. What we have audited

The Company's separate financial statements comprise:

- the separate statements of financial position as at 31 December 2017 and 2016;
- the separate statements of profit or loss and other comprehensive income for the years then ended;
- the separate statements of changes in equity for the years then ended;
- the separate statements of cash flows for the years then ended; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

3. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report.

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

4. Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

5. Material uncertainty relating to going concern

As explained in Note 2.4 to the separate financial statements of the Company, the accompanying financial statements have been prepared based on the assumption that the Company will continue as a going concern. The Company has carried out its main operations in accordance with the "Agreement on Fixed Interpretation and Joint Betting Games" (the "Contract") which was signed with Spor Toto Teşkilat Başkanlığı on 29 August 2008. The Contract will expiry on 29 August 2018 and the Company's management assessed this matter and describes the business plans in Note 2.4. The Company's ability to continue as a going concern depends on the accuracy of these plans.

6. Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the separate financial statements, management is responsible for assessing the Company's 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's financial reporting process.

7. Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered 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 separate financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient 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's 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 separate financial statements, including the disclosures, and whether the separate 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.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

Istanbul, 10 July 2018

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SEPARATE STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2017 AND 2016

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

	Note	2017	2016
ASSETS			
Cash and cash equivalents	21	208,076	181,110
Financial investments	20	4,156	-
Trade receivables	4	2,908	2,553
Due from related parties	3	2,304	3,406
Inventories	7	420	464
Other current assets	5	5,255	3,666
Total current assets		***223,119***	***191,199***
Investments in subsidiaries		94	94
Property and equipment	8	5,950	12,227
Intangible assets	9	2,523	3,951
Deferred income tax assets	19	592	-
Other non-current assets		131	1,095
Total non-current assets		***9,290***	***17,367***
Total assets		**232,409**	**208,566**
LIABILITIES AND EQUITY			
Trade payables	4	4,736	5,723
Due to related parties	3	34,886	7,560
Current income tax liabilities	19	7,356	7,144
Provisions	11	6,891	4,483
Other current liabilities	6	71,416	5,606
Total current liabilities		**125,285**	**30,516**
Provision for employment termination benefits	13	4,428	3,983
Deferred income tax liabilities	19	-	2,144
Other non-current liabilities	6	314	58,893
Total non-current liabilities		**4,742**	**65,020**
Share capital	14	11,695	11,695
Actuarial losses	14	(819)	(992)
Retained earnings	14	91,506	102,327
Total equity		**102,382**	**113,030**
Total liabilities and equity		**232,409**	**208,566**

The accompanying notes form an integral part of these separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

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

	Note	**2017**	**2016**
Revenue	15	184,010	178,408
Cost of sales (-)	15	(69,036)	(69,101)
Gross profit		**114,974**	**109,307**
General administrative expenses (-)	16	(13,389)	(12,138)
Marketing expenses (-)	16	(16,936)	(15,579)
Other income	17	18,469	15,049
Other expenses(-)	17	(3,035)	(1,817)
Operating profit		**100,083**	**94,822**
Financial income (-)	18	11,278	16,760
Profit before tax		**111,361**	**111,582**
Taxation:			
Income tax expense	19	(21,446)	(21,649)
Deferred income tax credit	19	2,779	1,645
Net profit for the year		**92,694**	**91,578**
Other comprehensive income items that will not be reclassified to profit or loss			
Actuarial gains/(losses) arising from employment termination benefits		216	(773)
Income tax effect		(43)	154
Other comprehensive income/(expense) for the year, net of tax		**173**	**(619)**
Total comprehensive income for the year		**92,867**	**90,959**

The accompanying notes form an integral part of these separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

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

	Share capital	Actuarial losses	Retained earnings	Total equity
Balance at 1 January 2016	**35,086**	**(373)**	**107,109**	**141,822**
Total comprehensive income for the year	-	(619)	91,578	90,959
Capital decrease (*)	(23,391)	-	3,391	(20,000)
Dividend distribution (*)	-	-	(99,751)	(99,751)
Balance at 31 January 2016	**11,695**	**(992)**	**102,327**	**113,030**
Balance at 1 January 2017	**11,695**	**(992)**	**102,327**	**113,030**
Total comprehensive income for the year	-	173	92,694	92,867
Dividend distribution (*)	-	-	(103,515)	(103,515)
Balance at 31 January 2017	**11,695**	**(819)**	**91,506**	**102,382**

(*) Note 14.

SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

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

	Note	2017	2016
Profit for the year		**92,694**	**91,578**
Adjustments for:			
Depreciation and amortization of tangible and intangible assets	8,9	8,684	8,447
Employee benefits	13	898	454
Personnel premiums	11	6,613	4,477
Legal provisions	11	278	(4,938)
Interest income	18	(11,579)	(14,153)
Dividend income	17	(12,863)	(4,142)
Income tax expense	19	18,667	20,004
Changes in working capital:			
Decrease/(increase) in trade receivables and due from related parties		629	(2,696)
Decrease/(increase) in inventories		44	(160)
Increase in trade payables and due to related parties		26,339	899
(Increase)/decrease in other assets		(625)	941
Increase in other liabilities		7,231	7,498
Collection of doubtful receivables	4	118	154
Taxes paid	19	(21,234)	(19,938)
Premiums paid	11	(4,483)	(4,461)
Employement termination benefits paid	13	(238)	(125)
Interest received		11,377	18,620
Net cash generated from operating activities		**122,550**	**102,459**
Acquisition of property and equipment	8	(182)	(482)
Acquisition of intangible assets	9	(821)	(978)
Proceeds on sale of property and equipment		25	39
Changes in financial investments		(3,954)	-
Dividend received	17	12,863	4,142
Net cash generated from investing activities		**7,931**	**2,721**
Dividends paid		(103,515)	(99,751)
Capital decrease	14	-	(20,000)
Net cash used in financing activities		**(103,515)**	**(119,751)**
Net change in cash and cash equilavents		**26,966**	**(14,571)**
Cash and cash euqilavents at the beginning of the year		**181,110**	**195,681**
Cash and cash equilavents at the end of the year		**208,076**	**181,110**

The accompanying notes form an integral part of these separate financial statements.

NOTE 1 - COMPANY'S ORGANIZATION AND NATURE OF OPERATIONS

Inteltek Internet Teknoloji Yatirim ve Danismanlik Ticaret Anonim Sirketi (the "Company") was incorporated on 6 April 2001. The Company is engaged to establish and operate the computerized Central Betting System ("CBS") and a risk management center to operate fixed odds bets on sport events that work with connected virtual and stationary agents and/or betting terminals and through multi-access electronic environment, in accordance with conditions stated in the agreement signed with Gençlik ve Spor Genel Müdürlüğü ("GSGM") on 30 July 2002 and 2 October 2003. Spor Toto Teşkilat Müdürlüğü ("Spor Toto") monitors the operations of the Company.

During March 2007, as a result of the lawsuits described in Note 11, GSGM ceased the implementation of the fixed odds betting contract, and following this annulment on 15 March 2007, the Company has renewed the agreement issued by Spor Toto pursuant to the Law No. 5583 on the establishment of risk management center and assignment of head agency for football-based fixed odds betting games for one year. On the other hand, a draft law that enables Spor Toto to hold a new tender in 2008 has been prepared, and approved by the Council of Ministers. This draft law was sent to the parliamentary law committee on 9 January 2008 and came into effect as it is proposed on 21 February 2008. A new Fixed Odds Betting ("FOB") contract, having the same terms and conditions with the previous contract, has been signed on 28 February 2008 with Spor Toto and took effect on 1 March 2008. It was valid for up to one year utmost until the operation started as a result of the new tender. The Company became the preferred bidder for the tender took place on 28 August 2008 and signed a new contract with Spor Toto on 29 August 2008 for 10 years period.

The shareholders of the Company are Turktell Bilişim Servisleri A.Ş. ("Turktell") holding 55%, Intralot Iberia Holdings SA holding 25% and Intralot SA holding 20%. The ultimate controlling party of Turktell is Turkcell İletişim Hizmetleri A.Ş. ("Turkcell").

As of 31 December 2017, the Company operates in two offices, Istanbul (head office) and Ankara with 146 employees (31 December 2016: 132 employees).

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS

2.1 Basis of presentation

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS, except as provided in paragraph 10 of IAS 27, "Separate Financial Statements". Investments in subsidiaries included in the Company's separate financial statements have been accounted for at cost.

The Company is registered in Turkey, maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These separate financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The Company has used exemption from consolidation in accordance with IFRS 10, "Consolidated Financial Statements" and elected to prepare separate financial statements on the grounds that:

- The Company is a partially-owned subsidiary of Turkcell and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the Company not presenting consolidated financial statements;

- The Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

- The Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

- The Company's ultimate parent, Turkcell, produces consolidated financial statements that are available for public use and comply with IFRSs. Turkcell's principal place of business is Turkey and its consolidated financial statements are obtainable at its website - www.turkcell.com.tr

Set out below are the Company's subsidiary at 31 December 2017 and 2016. The subsidiary as listed below have share capital consisting solely of ordinary shares, which are held directly by the Company and the proportion of ownership interests held equals to the voting rights held by Company. The country of incorporation or registration is also their place of principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the Group (%)	Principal business
Azerinteltek QSC ("Azerinteltek")	Azerbaijan	51	Betting

Investments in Azerinteltek have been accounted for at cost in these separate financial statements.

The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 2.3.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.2 Functional and presentation currency

These separate financial statements are presented in Turkish Lira ("TRY"), which is the Company's functional currency. All financial information expressed in TRY, US Dollars ("USD") and Euros ("EUR") have been rounded to the nearest thousand.

2.3 Use of estimates and judgments

The preparation of separate financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant estimates and management's judgments used in preparation of these separate financial statements are as follows;

Useful life of assets

The economic useful lives of the Company's assets are determined by management at the time the asset is acquired and regularly reviewed for appropriateness. The Company defines useful life of its assets in terms of the assets' expected utility to the Company. This judgment is based on the experience of the Company with similar assets. In determining the useful life of an asset, the Company also follows technical and/or commercial obsolescence arising on changes or improvements from a change in the market. The useful life of the CBS operating right and betting equipment are determined based on the duration of the agreement.

Gross versus net presentation of revenue

Gross versus net presentation of revenue, when the Company acts as principal in sale of goods or rendering of services, revenue from customers and costs with suppliers are reported on a gross basis. When the Company acts as agent in sale of goods or rendering of services, revenue from customer and costs with suppliers are reported on a net basis, representing the net margin earned. Whether the Company is acting as principal or agent depends on management's analysis of both legal form and substance of the agreement between the Company and its business partners; such judgements impact the amount of reported revenue and costs but do not impact reported assets, liabilities or cash flows.

Recognition of commission revenue

Commission fees are related to services performed in relation to betting games where the Company acts as an agent in the transaction rather than as the principal. In the absence of specific guidance in IFRSs on distinguishing between an agent and a principal, management considered the following factors:

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.3 Use of estimates and judgments (Continued)

- The Company does not take the responsibility for fulfilment of the games.
- The Company does not collect the revenue from the final customer and it does not bear the credit risk.
- The Company earns a predetermined percentage of total turnovers.

Mobile agent revenues comprises 14% of gross takings of mobile agents operated on CBS, regarding the mobile agency agreement signed on 12 January 2010 with Spor Toto Teşkilat Müdürlüğü ("STO"). The Company receives 8% commission in gross over total turnover (after deducting value added taxes and gambling tax) generated by mobile terminals and 2% commission over the prizes paid by the mobile agents. Mobile agent revenues have been presented as gross in these separate financial statements.

2.4 Going concern

The period of 10 years, which is the main activity of İnteltek and which was signed with the STO on 29 August 2008 and the "Agreement on Fixed Interpretation and Joint Betting Games to be carried out by the Spor Toto Organization Presidency to Private Legal Entities" will end on 29 August 2018.

Depending on the termination of the contract, the result of the tender which must be realized within the scope of the Law on the Establishment of Fixed Interpretation and Joint Betting Games Based on Sports Competition Based on the Law No 5738 by the Presidency of STO under the Law on Private Legal Entities, Amendments have been made to the 26th article of the Law No. 5738 dated 28 November 2017 with the Law No. 5738 entitled "Cases Where Negotiable Procurement Can Be Applied" and the words" cannot be fulfilled for any reason, the contract cannot be signed and the contractor will not be able to start work as of the date of the last signed contract, understood or cancelled contract for the tender done "to ensure the continuity of the service to enter the scope of the tender", the market the procedure for procurement shall be governed by a contract not exceeding one year, but not exceeding one year.

If it is considered that STO has not yet announced a tender announcement in this frame, the Directorate General of Spor Toto Organization for the term of contract to be determined within the scope of the new tender process with the date of the end of the contract of Inteltek, It may receive services from Inteltek within the framework of "bargaining procurement procedure"; so that it can continue uninterrupted activity in the main business area of Inteltek; it is estimated that there is no risk for 2018 due to this.

When a new tender is opening Inteltek will plan to join a new tender. These separate financial statements have been prepared on a going concern basis.

On the other hand, Inteltek aims to become the biggest social game provider by catching its success in the games sector in the "games" sector as well. In this frame, Inteltek has entered the gaming sector with its gaming platform developed on the "Turkcell BIP" application, www.playcell.com for children and teens and www.gamecell.com, which includes games for adults. This new area is expected to contribute to the sustainability of Inteltek in term of business and income model diversity in the near future.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.5 Recent accounting pronouncements

The new amendments and interpretations have no material impact on the financial position and performance of the Company.

Standards, amendments and interpretations applicable as at 31 December 2017:

- Amendments to IAS 7, 'Statement of cash flows'; on disclosure initiative effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

Standards, amendments and interpretations effective after 1 January 2018:

- IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.5 Recent accounting pronouncements (Continued)

- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

- Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Status of adoption of significant new or amended IFRS standards or interpretations

The adoption of new or amended standards and interpretations that will effective on or after the financial year beginning on 1 January 2018, is not expected to have a material impact on the Company's separate financial statements.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

Financial instruments

Non-derivative financial instruments

The Company classifies its financial assets as loans and receivables and held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Interest on held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposures arising from operational, financing and investing activities. In accordance with its treasury policy, the Company engages in forward and option contracts. However, these derivatives do not qualify for hedge accounting and are accounted for as trading instruments.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

Property and equipment

Recognition and measurement

Items of property, plant and equipment are stated at historical cost less depreciation and impairment losses. Property, plant and equipment related to the Company and its subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period ended on 31 December 2005. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other operating income/expenses, net" in profit or loss.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for current and comparative periods are as follows:

	Useful life
Betting equipment	5-10 years
Motor vehicles	5 years
Furniture, fixtures and equipment	3-10 years
Leasehold improvements	4-5 years

Leased assets are depreciated based on shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Useful lives of betting equipment (also CBS operating rights) will change yearly because of Spor Toto contracts maturity date.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

Intangible assets

Intangible assets are comprised of CBS operating rights and software and stated at cost adjusted for the effects of inflation during the hyperinflation period lasted by 31 December 2005, less accumulated amortization and impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset (that is purchased from independent third parties) to which it relates.

Amortization

Amortization is recognized in the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Useful life
CBS operating rights	7-10 years
Software	3-5 years

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in companies that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

Non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Employee benefits

Retirement pay liability

In accordance with the labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay up to a of maximum full TRY4,732 as at 31 December 2017, per year of employment at the rate of pay applicable at the date of retirement or termination. Termination benefits paid to key executive officers are presented as other expenses. Reserve for employee termination benefits is computed and reflected in the separate financial statements on a current basis. The reserve is calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from retirement of employees. Reserve for employee termination benefits is calculated annually by independent actuaries using the projected unit credit method.

Defined contribution plans

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

Provisions, contingent assets and contingent liabilities

Provisions are recognised in the separate financial statements, when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate, used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company have not been recognised in these separate financial statements and treated as contingent liabilities and contingent assets.

Bonus provision

Provision for bonus is provided when the bonus is a legal obligation, or past practice would make the bonus a constructive obligation and the Company is able to make a reliable estimate of the obligation.

Revenue

Revenues comprise of net takings earned to a maximum of 1.4% of gross takings as the head agent of fixed odds betting games and Mobile agent revenues comprises 9% of gross takings of mobile agents after deducting VAT and gaming tax as the head agent. Revenues are recognized at the time all services related to the games are fully rendered. Under the agreement signed with Spor Toto Teşkilat Müdürlüğü A.Ş. ("Spor Toto"), the Company is obliged to undertake any excess payout, which is presented on a net basis.

Dividend income

Dividend from a subsidiary is recognized in separate financial statements when the Company's right to receive the dividend is established.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

Transactions with related parties

Parties are considered related to the Company if;

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 parent and its subsidiary);
   ii) has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;

b) the party is an associate of the Company;

c) the party is a joint venture in which the Company is a participant;

d) 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.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years or periods.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized. In the event that a Resident Corporation distributes dividends to individual shareholders (resident or non-resident), or to non-resident corporations that do not have a permanent establishment (fixed place of business or permanent representative) in Turkey (and are not subject to rate-reducing provisions in applicable bilateral tax treaties), a 15% withholding tax is payable by the Resident Corporation on behalf of its shareholders.

In the event that Resident Corporations distribute dividends to resident legal entities or to non-resident legal entities that have a permanent establishment in Turkey, such distributions are not subject to withholding tax.

NOTE 3 - RELATED PARTY DISCLOSURES

Due from related parties

	2017	2016
Azerinteltek	2,301	2,181
Turkcell İletişim Hizmetleri A.Ş. ("Turkcell")	3	2
Hobim Bilgi İşlem Hizmetleri A.Ş. ("Hobim")	-	1,223
Total	**2,304**	**3,406**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties

	2017	2016
Intralot S.A. ("Intralot") (*)	18,943	7,025
Turktell Bilişim Servisleri A.Ş. ("Turktell") (**)	15,621	-
Turkcell (***)	228	329
Superonline İletişim Hizmetleri A.Ş. ("Turkcell Superonline")	45	87
Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş. ("Global Bilgi")	49	78
Azeac-Azercell B.M Telecom ("Azercell")	-	40
Turkcell Satış ve Dağıtım Hizmetleri A.Ş. ("Turkcell Satış")	-	1
Total	**34,886**	**7,560**

(*) TRY11,497 of payables to Intralot consist of accrued dividend and remainder is mainly consist of payables related to risk management services provided by Intralot. According to the risk management service agreement between the Company and Intralot, 0.0068% of total fixed of odds betting revenue is paid to Intralot with respect to these services.

(**) Payables to Turktell consist of accrued dividend as of 31 December 2017.

(***) Payables to Turkcell mainly consist of mobile data, gsm and office and personnel education expenses reflected by Turkcell.

Service sales to related parties

	2017	2016
Azerinteltek	5,858	3,563
Turkcell	30	22
Global Bilgi	1	-
Total	**5,889**	**3,585**

Service purchases from related parties

	2017	2016
Intralot	8,855	7,865
Hobim	2,194	3,200
Turkcell	781	699
Turkcell Superonline	429	244
Turkcell Satış	13	7
Global Bilgi	252	200
Turktell	1	1
Total	**12,525**	**12,216**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Key management compensations

The key managements of the Company is identified as, general manager and other executive directors.

Key management remuneration consists of salaries and benefits to pension plans to the key management and their provisions for the period in which they incurred.

Total compensation provided to key management personnel is TRY4,004 in 2017 (2016: TRY3,563).

NOTE 4 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

The breakdown of trade receivables as at 31 December 2017 and 2016 is as follows:

	2017	2016
Trade receivables and cheques received	500	874
Bad debt provision	(49)	(167)
Accrued service income (*)	2,457	1,846
Total	**2,908**	**2,553**

(*) Accrued service income consists of the receivables related to the services which are accrued but not invoiced. The Company accounts income accruals for the services which are accrued but not invoiced at the end of each periods.

The movement table for the provision for doubtful receivables is as follows;

	2017	2016
As of 1 January	**(167)**	**(321)**
Collections	118	154
As of 31 December	**(49)**	**(167)**

As of 31 December 2017 and 2016, the nature and amount of collaterals received against receivables as follows:

	2017	2016
Guarantee letters	1,216	346
Total	**1,216**	**346**

Deposits have been collected by the Company for the purpose to guarantee receivables from the dealers. These deposits are accounted for other current and non current liabilities according to the maturities.

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

NOTE 4 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade payables

The breakdown of trade payables as at 31 December 2017 and 2016 is as follows:

	2017	2016
Payables to the suppliers	4,736	5,723
	4,736	**5,723**

NOTE 5 - OTHER CURRENT ASSETS

The breakdown of other current assets as at 31 December 2017 and 2016 is as follows;

	2017	2016
Work advances given	2,410	130
Prepaid expenses	1,398	1,931
Interest income accruals	1,113	757
Advances given to personnel	334	385
Prepaid taxes	-	463
Total	**5,255**	**3,666**

NOTE 6 - OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities

	2017	2016
Deposits taken from dealers (*)	62,747	-
Taxes and funds payables	4,220	2,426
Advances received	3,023	1,153
Social security premium payables	746	675
Deferred revenue	335	567
Payables to personnel	23	24
Other	322	761
Total	**71,416**	**5,606**

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

NOTE 6 - OTHER CURRENT AND NON-CURRENT LIABILITIES (Continued)

Other non-current liabilities

	2017	2016
Deposits taken from dealers (*)	-	58,244
Other	314	649
Total	**314**	**58,893**

(*) As of 31 December 2017, Deposits taken from dealers has been classified as other current liabilities, since the maindealership contract of the Company expires in 2018.

NOTE 7 - INVENTORIES

As of 31 December 2017 and 2016, inventories consist of spare parts and repair materials of dealer terminals.

	2017	2016
Spare parts	420	464
Total	**420**	**464**

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

NOTE 8 - PROPERTY AND EQUIPMENT

The movement tables of property and equipment for the years ended 31 December 2017 and 2016 are as follows:

	1 January 2017	Additions	Disposals	31 December 2017
Cost				
Betting equipment	43,243	131	(3)	43,371
Furniture and fixtures	4,067	51	(88)	4,030
Motor vehicles	43	-	-	43
Leashold improvements	1,406	-	-	1,406
Construction in progress	-	-	-	-
	48,759	**182**	**(91)**	**48,850**
Accumulated Depreciation				
Betting equipment	(33,187)	(5,667)	1	(38,853)
Furniture and fixtures	(2,858)	(482)	66	(3,274)
Motor vehicles	(27)	(8)	-	(35)
Leashold improvements	(460)	(278)	-	(738)
	(36,532)	**(6,435)**	**67**	**(42,900)**
Net book value	**12,227**			**5,950**

Depreciation expenses has been accounted under cost of sales for the years ended 31 December 2017 and 2016.

There is no impairment loss on property, plant and equipment for the year ended 31 December 2017 (2016: None).

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

NOTE 8 - PROPERTY AND EQUIPMENT (Continued)

	1 January 2016	Additions	Disposals	Transfers	31 December 2016
Cost					
Betting equipment	43,154	91	(2)	-	43,243
Furniture and fixtures	3,946	371	(250)	-	4,067
Motor vehicles	43	-	-	-	43
Leashold improvements	1,386	20	-	-	1,406
Construction in progress	60	-	-	(60)	-
	48,589	**482**	**(252)**	**(60)**	**48,759**
Accumulated Depreciation					
Betting equipment	(27,501)	(5,687)	1	-	(33,187)
Furniture and fixtures	(2,571)	(501)	214	-	(2,858)
Motor vehicles	(18)	(9)	-	-	(27)
Leashold improvements	(185)	(275)	-	-	(460)
	(30,275)	**(6,472)**	**215**	**-**	**(36,532)**
Net book value	**18,314**				**12,227**

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

NOTE 9 - INTANGIBLE ASSETS

The movement tables of intangible assets for the years ended 31 December 2017 and 2016 are as follows:

	1 January 2017	Additions	Transfers	31 December 2017
Cost				
Computer software	7,380	821	-	8,201
Central betting system operating right	12,026	-	-	12,026
	19,406	**821**	**-**	**20,227**
Accumulated Depreciation				
Computer software	(4,924)	(1,346)	-	(6,270)
Central betting system operating right	(10,531)	(903)	-	(11,434)
	(15,455)	**(2,249)**	**-**	**(17,704)**
Net book value	**3,951**			**2,523**

	1 January 2016	Additions	Transfers	31 December 2016
Cost				
Computer software	6,402	978	-	7,380
Central betting system operating right	11,952	-	74	12,026
	18,354	**978**	**74**	**19,406**
Accumulated Depreciation				
Computer software	(3,860)	(1,050)	(14)	(4,924)
Central betting system operating right	(9,606)	(925)	-	(10,531)
	(13,466)	**(1,975)**	**(14)**	**(15,455)**
Net book value	**4,888**			**3,951**

Amortisation expenses have been accounted under cost of sales for the years ended 31 December 2017 and 2016.

There is no impairment loss on intangible assets for the years ended 31 December 2017 and 2016.

The computer software also includes in-house software development costs that meet the criteria for intangible assets. There is no computer software created within the Company for the year ended 31 December 2017 (2016: None).

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

NOTE 10 - LEASES

Operational leases

Lease contracts:

The Company has rent contracts which have various expiration dates regarding to office and car rentals. The Company has no contractual right to buy these assets at the end of the contract term, since rent contracts do not include purchase options. The price adjustment provisions in the terms of renewal of operational lease contracts vary depending on various conditions. The Company has no significant obligation for non-cancellable lease agreements.

Future lease payments under operating leases as of 31 December 2017 and 2016 are as follows;

	2017	**2016**
Less than 1 years	1,044	952
Between 1-3 years	1,416	1,318
	2,460	**2,270**

	2017	**2016**
Lease expense incurred	1,952	1,788
	1,952	**1,788**

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

Breakdown of short-term provisions as of 31 December 2017 and 2016 is as follows;

	2017	**2016**
Employee benefits	6,613	4,483
Legal provisions	278	-
Total	**6,891**	**4,483**

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

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The movements of short-term provisions for the years ended 31 December 2017 and 2016 are as follows;

	Legal provisions	Personnel bonus	Total
Balance at 1 January 2017	-	4,483	4,483
Current year charge	278	6,613	6,891
Payments	-	(4,483)	(4,483)
Balance at 31 January 2017	**278**	**6,613**	**6,891**

	Legal provisions	Personnel bonus	Total
Balance at 1 January 2016	4,938	4,467	9,405
Current year charge	57	4,477	4,534
Reversal	(4,995)	-	(4,995)
Payments	-	(4,461)	(4,461)
Balance at 31 January 2016	**-**	**4,483**	**4,483**

Inteltek shareholders from Intralot S.A. (Integrated Lottery Systems & Services) in accordance with the written notification of the share transfer and merger transactions planned by the Intralot Group to be carried out, the Law no. 5738 on the Establishment of Fixed Stock and Joint Betting Games Based on Sporting Events to Private Legal Entities, The written request dated 30 January 2013 under the Article 18/2 of the "Convention for the Establishment of Fixed Stock and Joint Betting Games Based on Sporting Events by the Sports Toto Organization Presidency on Private Legal Entities" dated 2008 and the suspension and cancellation of administrative proceeding for rejection a cancellation case was filed with the request of the 16th Administrative Court in Ankara on the basis of the file no. 2013/946 E. and it was decided by the Court to reject the case on behalf of the court. The decision has been appealed within the legal period. The 13th Chamber of the Council of State decided that the decision of the first instance court should be dismissed as a request of the Inteltek with the acceptance of the appeal of the applicant. He defendant administration requested the correction of the decision; however, the Council of State has decided to reject the request for correction of the decision. The file was sent to the first instance court to decide on the merits; subsequently, the defendant has objected to the administrative task. The court decided that the objection should be rejected and the executive should be stopped after the completion of the decision on the decision of dismissal subsequently, the defendant requested the removal of the administrative dispute and this objection was appealed by the Inteltek within the time limit. Finally, when the Ankara 16th Administrative Court decided to refuse the request to stop the executive of İnteltek, this objection was objected and the appeal was rejected. The file is still in the 16th Administrative Court of Ankara to make a decision on the merits.

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

NOTE 12 - COMMITMENTS

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2017 and 2016 are as follows;

2017	TRY equivalents	USD	TRY
A. CPM's given for companies own legal personality	184,752	-	184,752
B. CPM's given on behalf of fully companies	-	-	-
C. CPM's given for continuation of its economic activities on behalf of third parties	-	-	-
D. Total amount of other CPM's	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-
ii. Total amount of CPM's given to on behalf of other Group companies which are not companies which are not in scope of B and C	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-
Total	**184,752**	**-**	**184,752**

2016	TRY equivalents	USD	TRY
A. CPM's given for companies own legal personality	184,752	-	184,752
B. CPM's given on behalf of fully companies	-	-	-
C. CPM's given for continuation of its economic activities on behalf of third parties	-	-	-
D. Total amount of other CPM's	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-
ii. Total amount of CPM's given to on behalf of other Group companies which are not companies which are not in scope of B and C	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-
Total	**184,752**	**-**	**184,752**

There is no other CPM given by the Company (2016: None). Ratio of other CPMs given by the Company to its equity is 0% as of 31 December 2017 (2016: 0%).

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

NOTE 12 - COMMITMENTS (Continued)

Purchase commitments

As of 31 December 2017, the Company has a total of TRY26,137 (2016: TRY27,672) purchase commitments related to inventory, sponsorship, rent, consultancy and advertising services procurement. Payments for purchase commitments have been extended for 1 year in accordance with the respective contracts. As of 31 December 2017, the amount of the guarantee given to Spor Toto from the banks is TRY184,752. (2016: TRY184,752). The targeted bonus distribution amount is 50% of the total played percentage including VAT. If the bonus payments exceeds this target rate during the maindealership period, Inteltek is obliged to pay the difference between the actual and the targeted bonuses. This creates a remote risk for the Company to pay the difference.

NOTE 13 - EMPLOYEE BENEFITS

	2017	2016
Employment termination benefits	4,428	3,983
Total	**4,428**	**3,983**

Under the Turkish Labour Law, the Company is required to pay employment termination benefit to each employee who has qualified for such benefits as the employment ends or who retires in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments.

As the maximum liability is revised semi-annually, the maximum amount of TRY5,001.76 effective from 1 January 2018 has been taken into consideration in calculating the reserve for employment termination benefit of the Company as of 31 December 2017 (2016: TRY4,426.16 effective from1 January 2017). Liability of employment termination benefits is not subject to any funding as there is no funding requirement. Provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IAS 19, "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans.

The following actuarial assumptions are used in the calculation of the total liability. Actuarial gains and losses are accounted under the "Actuarial gain/(loss)" in the statement of other comprehensive income.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying separate financial statements as of 31 December 2017 and 2016 the provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The anticipated rate of forfeitures that occurred on voluntary turnovers is taken into consideration. Accordingly, the discount rate has been used as 11.6% at the calculation of the total liability considering payment date (31 December 2016: 11.5%).

The Provision for employee termination benefits is calculated annually by independent actuaries using the projected unit credit method.

NOTE 13 - EMPLOYEE BENEFITS (Continued)

The movement of the employment termination benefits is as follows:

	2017	2016
Balance at 1 January	3,983	2,882
Service costs	656	326
Payments	(238)	(125)
Actuarial (gains)/losses	(215)	772
Interest costs	242	128
Balance at 31 December	**4,428**	**3,983**

Actuarial gains and losses on retirement pay were included in the profit or loss table as of 31 December 2017. 31 December 2017 actuarial gains amounting to TRY216 has been reflected to other comprehensive income statement (31 December 2016: TRY773 actuarial loss).

The Company provides additional benefits in addition to the salaries of its employees and contributes to its retirement plans. The Company contributes a certain proportion of the salaries of staff to the pension plans. Expenses incurred in the Company's pension plans for the years ended 31 December 2017 and 2016 are TRY372 and TRY328, respectively.

NOTE 14 - EQUITY

Share capital

As of 31 December 2017, issued share capital of the Company is TRY10,000 authorized, and fully paid shares with a par value of exact TRY 1 each (not expressed in thousand). As of 31 December 2017, total inflation adjustments on share capital is amountingto TRY1,695 (2016: 1,695).

Shareholding structure of the Company is as follows;

	2017		2016	
	Share (%)	Amount (TRY)	Share (%)	Amount (TRY)
Turktell Bilişim Servisleri A.Ş.	55	6,432	55	6,432
Intralot Iberia Holding	25	2,924	25	2,924
Intralot S.A.	20	2,339	20	2,339
Total	**100**	**11,695**	**100**	**11,695**

As of 31 December 2017, there is shares held as pledges by other institutions (2016: None).

In the Extraordinary General Assembly of the Company held on 24 March 2016, the share capital of the Company has been decreased by TRY20,000 and paid to the shareholders. TRY3,391 ofinflation adjustments related to this deduction has been transferred to retained earnings.

Legal reserves and retained earnings

Retained earnings in the statutory financial statements of the Company can be distributed as dividends other than rules related to legal reserves described below.

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

NOTE 14 - EQUITY (Continued)

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Holding companies are not subject to this application.

Legal reserves and retained earnings based on the statutory accounts of the Company are as follows (according to the financial statements prepared in accordance with law numbered 6762 and other legislation):

	2017	2016
Legal reserves	15,563	20,145
Retained earnings	100,454	93,259

Dividends

At the Ordinary General Assembly of the Company held on 31 March 2017 it has been decided to authorize the Board of Directors to distribute dividends to the shareholders amounting to TRY75,113. This amount was paid to the shareholders on 4 May 2017. At the same meeting, it has been decided to authorize the Board of Directors to distribute advance dividend from the distributable part of the profit for the 9 months period amounting to TRY28,402. The amount was paid on 3 January 2018.

NOTE 15 - REVENUE AND COST OF SALES

Revenue

	2017	2016
Main dealership commissions	181,886	176,167
Other revenue	2,124	2,241
Total	**184,010**	**178,408**

Cost of sales

	2017	2016
Mobile agent commissions	(31,855)	(36,127)
Depreciation and amortisation	(8,684)	(8,447)
Cost of gaming materials	(8,475)	(7,971)
Consultancy	(7,287)	(6,645)
Personnel	(7,278)	(6,469)
Maintenance	(1,057)	(1,316)
Rent	(668)	(614)
Other	(3,732)	(1,512)
Total	**(69,036)**	**(69,101)**

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

NOTE 16 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

Marketing expenses

	2017	2016
Marketing	(7,891)	(7,708)
Personnel	(6,414)	(5,684)
Rent	(326)	(316)
Other	(2,305)	(1,871)
Total	**(16,936)**	**(15,579)**

General administrative expenses

	2017	2016
Personnel	(11,694)	(10,163)
Travel	(364)	(651)
Rent	(294)	(294)
Consultancy	(218)	(370)
Other	(819)	(660)
Total	**(13,389)**	**(12,138)**

NOTE 17 - OTHER INCOME AND EXPENSES

Other income

	2017	2016
Dividends	12,863	4,142
Foreign exchange gains, net	5,079	10,428
Other	527	479
Total	**18,469**	**15,049**

Other expenses

	2017	2016
Unwind of discount	(2,597)	(1,779)
Other	(438)	(38)
Total	**(3,035)**	**(1,817)**

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

NOTE 18 - FINANCIAL INCOME, NET

	2017	**2016**
Interest income	11,579	14,153
Other, net	(301)	2,607
Total	**11,278**	**16,760**

NOTE 19 - INCOME TAXES

The analysis of current and deferred income taxes per the statement of profit or loss for the years ended 31 December 2017 and 2016 is as follows:

	2017	**2016**
Current income tax expense	(21,446)	(21,649)
Deferred income tax credit	2,779	1,645
	(18,667)	**(20,004)**

Deferred income taxes

The Company recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with IFRS and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for IFRS and statutory tax purposes.

Temporary differences	**2017**	**2016**
Property and equipment and intangible assets	6,795	13,030
Provisions	(11,255)	(3,015)
Other	1,500	705
	(2,960)	**10,720**

Deferred tax assets/(liabilities)	**2017**	**2016**
Property and equipment and intangible assets	(1,359)	(2,606)
Provisions	2,251	603
Other	(300)	(141)
Deferred tax assets/(liabilities), net	**592**	**(2,144)**

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

NOTE 19 - INCOME TAXES (Continued)

Movements of deferred tax assets and liabilities are as follows:

	2017	2016
Balance at 1 January	(2,144)	(3,943)
Charged to the profit or loss	2,779	1,645
Charged to other comprehensive income	(43)	154
Balance at 31 December	**592**	**(2,144)**

Corporate tax

The corporation tax rate in Turkey for the fiscal year 2017 is 20% (2016: 20%). Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

The law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020.

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability, if, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

	2017	2016
Current income tax expense	21,446	21,649
Prepaid taxes (-)	(14,090)	(14,505)
Current income tax liabilities	**7,356**	**7,144**

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

NOTE 19 - INCOME TAXES (Continued)

	2017	2016
Profit before tax	111,361	111,582
Tax charge at enacted tax rate (20%)	(22,272)	(22,316)
Non-tax-deductible expenses	(168)	(148)
Tax exemptions	2,644	1,476
Other	1,129	984
Tax expense	**(18,667)**	**(20,004)**

NOTE 20 - FINANCIAL INSTRUMENTS

Financial Investment

The details of short term financial investment as of 31 December 2017 and 2016 are as follows;

	2017	2016
Held to maturity private sector bond		
Asset-backed securities	4,156	-
Total	**4,156**	**-**

NOTE 21 - EXPLANATIONS ON STATEMENT OF CASH FLOWS

The cash and cash equivalents included in the statements of cash flows at 31 December 2017 and 2016 are as follows;

	2017	2016
Cash on hand	38	34
Banks		
- Demand deposits	*205,735*	*179,968*
- Time deposits	*2,303*	*1,108*
	208,076	**181,110**

The interest rates for the TRY and USD denominated time deposits are 15.0%, 4.1% at 31 December 2017 (2016: %11.5 ve %3.7). Average term of the time deposits are 62 days as of 31 December 2017 (2016: 71 days).

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT

Credit risk

The carrying amount of financial assets represents the maximum exposure to credit. The maximum credit risk exposed as of the reporting date is as follows:

	Receivables							
	Trade receivables			Other receivables		Cash and cash equivalents	Derivative financial instruments	Other
As of 31 December 2017	**Related parties**	**Other**		**Related parties**	**Other**			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	2,304	2,908		-	-	208,076	-	-
- The part of maximum risk under guarantee with collaterals, etc	-	1,216		-	-	-	-	-
A. Net book value of financial assets thar are neither past due nor impaired	2,304	2,908		-	-	208,076	-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-		-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-		-	-	-	-	-
D. Net book value of impaired assets	-	-		-	-	-	-	-
-Past due(gross carrying amount)	-	49		-	-	-	-	-
- Impairment (-)	-	(49)		-	-	-	-	-
- not past due(gross carrying amount)	-	-		-	-	-	-	-
- Impairment (-)	-	-		-	-	-	-	-
E. Factors containing non-balance sheet credit risk	-	-		-	-	-	-	-

	Receivables							
31 December 2017	Trade receivables			Other receivables		Cash and cash equivalents	Derivative financial instruments	Other
	Related parties	**Other**		**Related parties**	**Other**			
1-30 days past due	-	-		-	-	-	-	-
1-3 months past due	-	-		-	-	-	-	-
3-12 months past due	-	-		-	-	-	-	-
1-5 years past due	-	49		-	-	-	-	-
More than 5 years past due	-	-		-	-	-	-	-

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables							
	Trade receivables			Other receivables				
As of 31 December 2016	**Related parties**	**Other**		**Related parties**	**Other**	**Cash and cash equivalents**	**Derivative financial instruments**	**Other**
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	1	2,553		-	-	181,110	-	-
- The part of maximum risk under guarantee with collaterals, etc	-	346		-	-	-	-	-
A. Net book value of financial assets thar are neither past due nor impaired	1	2,553		-	-h	181,110	-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-		-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-		-	-	-	-	-
D. Net book value of impaired assets	-	-		-	-	-	-	-
-Past due(gross carrying amount)	-	167		-	-	-	-	-
- Impairment (-)	-	(167)		-	-	-	-	-
- not past due(gross carrying amount)	-	-		-	-	-	-	-
- Impairment (-)	-	-		-	-	-	-	-
E. Factors containing non-balance sheet credit risk	-	-		-	-	-	-	-

	Receivables							
	Trade receivables			Other receivables				
31 December 2016	**Related parties**	**Other**		**Related parties**	**Other**	**Cash and cash equivalents**	**Derivative financial instruments**	**Other**
1-3 months past due	-	-		-	-	-	-	-
3-12 months past due	-	-		-	-	-	-	-
1-5 years past due	-	167		-	-	-	-	-
More than 5 years past due	-	-		-	-	-	-	-

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Financial liabilities, including estimated interest payments, maturity designated as contractual are as follows;

31 December 2017

Maturities as per the terms of agreement	Carrying amount	Cash outflows as per the terms of agreement (=I+II+111+1V)	Up to 3 months (I)	3-12 months (II)	1-5 year (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Due to related parties	34,886	34,886	34,886	-	-	-
Trade payables	4,736	4,736	4,736	-	-	-
Other payables	65,771	69,553	-	65,770	3,783	-

31 December 2017

Expected maturities	Carrying amount	Cash outflows as per the terms of agreement (=I+II+111+1V)	Up to 3 months (I)	3-12 months (H)	1-5 year (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Due to related parties	34,886	34,886	34,886	-	-	-
Trade payables	4,736	4,736	4,736	-	-	-
Other payables	65,771	69,553	-	65,770	3,783	-

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2016

Maturities as per the terms of agreement	Carrying amount	Cash outflows as per the terms of agreement (=I+II+111+1V)	Up to 3 months (I)	3-12 months (II)	1-5 year (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Due to related parties	7,560	7,560	7,560	-	-	-
Trade payables	5,723	5,793	5,793	-	-	-
Other payables	59,396	63,180	1,153	-	62,027	-

31 December 2016

Expected maturities	Carrying amount	Cash outflows as per the terms of agreement (=I+II+111+1V)	Up to 3 months (I)	3-12 months (II)	1-5 year (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Due to related parties	7,560	7,560	7,560	-	-	-
Trade payables	5,723	5,793	5,793	-	-	-
Other payables	59,396	63,180	1,153	-	62,027	-

Foreign currency risk

Foreign currency risk is the risk arising from the fact that the value of any financial instrument changes depending on the currency exchange rate. The main foreign currency that constitutes the risk for the Company is USD and EUR. The foreign currency position of the Company arises from assets and liabilities denominated in foreign currencies are as follows;

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT (Continued)

	2017			2016		
	TRY equivalent	**USD**	**EUR**	**TRY equivalent**	**USD**	**EUR**
1. Trade Receivables	-	-	-	-	-	-
2a. Monetary financial assets(cash and banks account included)	133,623	35,421	4	114,167	32,437	4
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	2,146	2	473	-	-	-
4. Current Assets (1+2+3)	**135,769**	**35,423**	**477**	**114,167**	**32,437**	**4**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	14	4	-	14	4	-
8. Non-current assets (5+6+7)	**14**	**4**	**-**	**14**	**4**	**-**
9. Total Assets (4+8)	**135,783**	**35,427**	**477**	**127,477**	**34,622**	**1,519**
10. Trade Payables	1,968	68	379	1,899	78	438
11. Financial Liabilities	-	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1,968**	**68**	**379**	**1,899**	**78**	**438**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	54,298	15,429	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**-**	**-**	**54,298**	**15,429**	**-**
18. Total Liabilities (13+17)	**1,968**	**68**	**379**	**56,197**	**15,507**	**438**
19. Net assets of off balance sheet derivative items (liability) position (19a-19b)	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	**133,815**	**35,359**	**98**	**71,280**	**19,115**	**1,081**
21. Net foreign currency asset/(liability) position of monetary items	**-**	**-**	**-**	**-**	**-**	**-**

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT (Continued)

Sensivitiy analysis

If the TRY appreciates/depreciates 10% against the following foreign currencies as of 31 December 2017 and 31 December 2016, the statements of profit or loss will be affected as follows. When analyzing, it assumed that all other variables, espacially the interest rates, remain constant.

	Foreign Currency Sensivity Analysis			
	31 December 2017			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	13,337	(13,337)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	13,337	(13,337)	-	-
Change of EUR against TRY by 10%:				
1- EUR net assets / liabilities	44	(44)	-	-
2- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	44	(44)	-	-
Change of other currencies against TRY by 10%:				
1- Other currencies net assets / liabilities	-	-	-	-
2- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	-	-	-	-
TOTAL (3+6+9)	**13,381**	**(13,381)**	**-**	**-**

	Foreign Currency Sensivity Analysis			
	31 December 2016			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	6,727	(6,727)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	6,727	(6,727)	-	-
Change of EUR against TRY by 10%:				
1- EUR net assets / liabilities	401	(401)	-	-
2- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	401	(401)	-	-
Change of other currencies against TRY by 10%:				
1- Other currencies net assets / liabilities	-	-	-	-
2- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	-	-	-	-
TOTAL (3+6+9)	**7,128**	**(7,128)**	**-**	**-**

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

NOTE 22 - FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value:

Level classification of fair values of financial assets and liabilities that are not carried at fair value but are explained in footnotes are as follows:

	2017		2016	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Assets carried at reduced cost				
Trade receivables due from related parties-short term	2,304	2,304	3,406	3,406
Trade receivables-short term	2,908	2,908	2,553	2,553
Cash and cash equivalents	208,076	208,076	181,110	181,110
Held to maturity investments	4,156	4,156	-	-
	217,444	**217,444**	**187,069**	**187,069**
Liabilities carried at reduced cost				
Trade payables	4,736	4,736	5,723	5,723
Trade payables due to related parties	34,886	34,886	7,560	7,560
Other payables-short term	-	-	1,153	1,153
Other payables-long term	-	-	58,244	58,244
	39,622	**39,622**	**88,813**	**88,813**

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